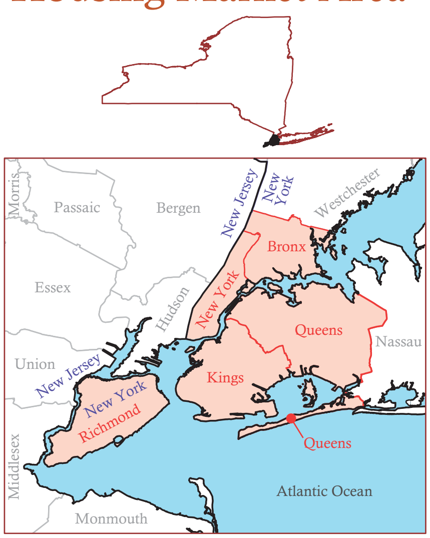
C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

New York City, New York

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2015

PD&R

Housing Market Area



The New York City Housing Market Area (hereafter, the NYC HMA), which comprises the five boroughs of New York City (NYC), is part of the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area. For purposes of this analysis, the HMA is divided into five submarkets: the Bronx (Bronx County), Brooklyn (Kings County), Manhattan (New York County), Queens (Queens County), and Staten Island (Richmond County) submarkets. The HMA comprises the largest city in the nation and is recognized as the financial center of the United States.

Market Details

Summary

Economy

During the past 4 years, the NYC HMA recorded the fastest rate of payroll growth in more than a decade. The growth has been widespread, with most nonfarm sectors adding jobs during this time. The HMA has benefited from the improving national economy, increasing tourism, and its continued status as a hub for finance, trade, education, and health care. The HMA economy expanded rapidly during the 12 months ending June 2015, increasing by 112,600 jobs, or 2.8 percent. Job growth is expected to continue during the next 3 years, although at a reduced average annual rate of 2.0 percent. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is currently balanced. During the 12 months ending June 2015, home sales decreased 4 percent, to 46,100 homes, but the average price increased 12 percent, to $892,800 (Real Estate Board of New York [REBNY]). During the forecast period, demand is expected for approximately 16,000 new homes; the 4,095 homes currently under construction will meet a portion of that demand (Table 1). Some of the 113,500 other vacant units in the HMA may reenter the market and satisfy a portion of the demand.

Rental Market

Rental market conditions among the five submarkets range from balanced to slightly tight. Apartment market conditions range from balanced to tight. The apartment vacancy rate for the HMA in the second quarter of 2015 was 2.7 percent, down from 3.0 percent a year earlier (Reis, Inc.). The apartment market has eased from tighter conditions in 2012 and 2013. The average rent rose 2 percent during the past 2 years to $3,374, and apartment production increased. During the forecast period, demand is expected for 50,175 new market-rate rental units in the HMA; the 47,970 rental units currently under construction will meet most of the demand (Table 1).

Housing Market Summary

Submarket	Sales Market	Rental Market
Bronx	Balanced	Slightly tight
Brooklyn	Balanced	Balanced
Manhattan	Slightly soft	Balanced
Queens	Balanced	Balanced
Staten Island	Slightly soft	Balanced

Source: Assessments by analysts

Table 1. Housing Demand in the New York City HMA During the Forecast Period

	New York City HMA		Bronx Submarket		Brooklyn Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	16,000	50,175	650	9,350	7,300	17,200
Under construction	4,095	47,970	30	2,650	580	22,750
	Manhattan Submarket		**Queens Submarket**		**Staten Island Submarket**	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	2,850	9,775	4,200	12,200	1,000	1,650
Under construction	2,975	10,500	300	11,500	210	570

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2015. A portion of the estimated 113,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analysts

Economic Conditions

Historically strong economic growth occurred in the NYC HMA during the past 4 years, with nonfarm payroll growth peaking at 120,700 jobs, or 3.0 percent, in 2014—the fastest annual rate of growth and the most jobs added annually in the HMA since these data began to be reported in 1951. During the 12 months ending June 2015, strong nonfarm payroll growth continued in the HMA, although at a slightly reduced rate.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the New York City HMA, by Sector

	12 Months Ending June 2014	12 Months Ending June 2015	Absolute Change	Percent Change
Total nonfarm payroll jobs	4,042,700	4,155,300	112,600	2.8
Goods-producing sectors	201,000	204,500	3,500	1.7
Mining, logging, & construction	124,500	129,400	4,900	3.9
Manufacturing	76,500	75,100	– 1,400	– 1.8
Service-providing sectors	3,841,700	3,950,800	109,100	2.8
Wholesale & retail trade	487,900	499,400	11,500	2.4
Transportation & utilities	123,500	125,800	2,300	1.9
Information	183,300	186,000	2,700	1.5
Financial activities	443,400	452,800	9,400	2.1
Professional & business services	655,500	681,200	25,700	3.9
Education & health services	829,700	862,600	32,900	4.0
Leisure & hospitality	397,400	413,700	16,300	4.1
Other services	177,100	182,800	5,700	3.2
Government	544,000	546,500	2,500	0.5

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through June 2014 and June 2015.

Source: U.S. Bureau of Labor Statistics

Nonfarm payrolls increased by 112,600 jobs, or 2.8 percent, to 4.16 million jobs, during this time (Table 2).

The HMA is a regional, national, and international hub for finance, trade, education, and health care. Of Fortune 500 companies, 48, or nearly 10 percent, are headquartered in the HMA, including 5 of the top 50 largest corporations: Verizon Communications Inc., JPMorgan Chase & Co., Citigroup Inc., MetLife, Inc., and AIG (American International Group, Inc.). Eight of the 10 largest employers in the HMA are in the education and health services sector, including Mount Sinai Hospital, with 32,056 employees, and Columbia University, with 15,601 employees (Table 3). The sector accounts for approximately one in five jobs within the HMA (Figure 1).

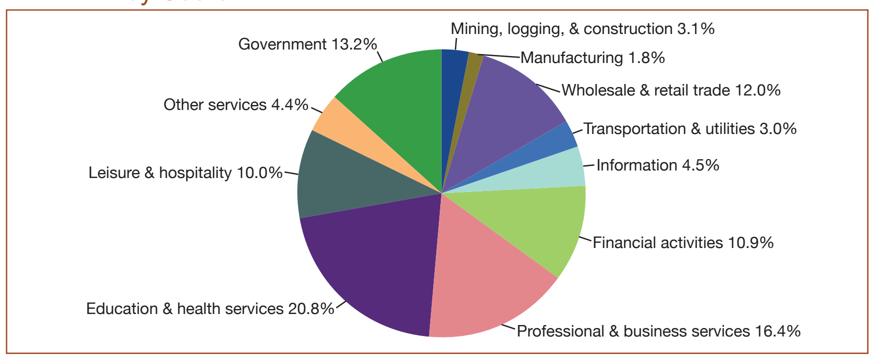
From 2004 through 2008, nonfarm payrolls in the HMA expanded by an average of 52,600 jobs, or 1.4 percent, annually. Payroll growth during that time was fairly broad based. Growth occurred in all the service-providing

Table 3. Major Employers in the New York City HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
JPMorgan Chase & Co.	Financial activities	48,650
Mount Sinai Hospital	Education & health services	32,056
New York-Presbyterian Hospital	Education & health services	21,802
Montefiore Medical Center	Education & health services	18,030
NYU Langone Medical Center	Education & health services	17,879
Columbia University	Education & health services	15,601
New Partners Inc./Visiting Nurse Service of New York	Education & health services	14,400
Consolidated Edison	Transportation & utilities	13,280
Memorial Sloan Kettering Cancer Center	Education & health services	12,662

Notes: Excludes local school districts. Private employers only. Estimates as of 2014.
Sources: New York Department of Labor; economy.com; Visiting Nurse Service of New York

Figure 1. Current Nonfarm Payroll Jobs in the New York City HMA, by Sector

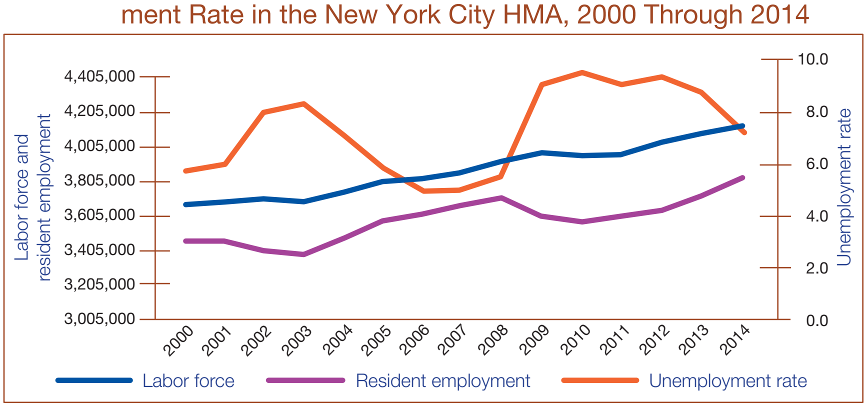


Note: Based on 12-month averages through June 2015.
Source: U.S. Bureau of Labor Statistics

sectors, with average growth exceeding 1.0 percent annually in all sectors except information and government. Manufacturing was the only sector to lose jobs during each of the years, declining by an average of 6,200 jobs, or 5.5 percent, annually. The largest job gains occurred in the professional and business services, education and health services, and leisure and hospitality sectors, which increased by an average of 13,300, 12,300, and 10,000 jobs annually, or 2.5, 1.9, and 3.8 percent, and accounted for approximately two-thirds of the total jobs added from 2004 through 2008. Steady job growth during that period led to a decline in the unemployment rate from 8.3 percent in 2003 to 5.6 percent in 2008 (Figure 2).

The most recent recession, which lasted nationally from December 2007 through June 2009, did not last as long in the NYC HMA as in many other large metropolitan areas in the United States. In part, the HMA escaped the recession more quickly because its economy was not as heavily reliant on construction-related jobs and because

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the New York City HMA, 2000 Through 2014



Source: U.S. Bureau of Labor Statistics the economy was buoyed by continued strength in the healthcare, leisure and hospitality, and technology industries. Nonfarm payrolls declined for one year, 2009, when 100,600 jobs, or 2.7 percent of total nonfarm payrolls, were lost. The only sectors to add jobs in 2009 were the education and health services and the government sectors, which increased by 15,900 and 2,900 jobs, or 2.2 and 0.5 percent, respectively. Declines, which occurred in most sectors, were concentrated primarily in those sectors most affected by the collapse of the nationwide housing market. More than three-fourths of the decline in nonfarm payrolls occurred in the professional and business services, financial activities, and mining, logging, and construction sectors, which declined by 34,100, 30,800, and 11,900 jobs, or 5.7, 6.6, and 9.0 percent, respectively. The economic downturn led to a significant increase in the unemployment rate for the HMA—from 5.6 percent in 2008 to 9.3 percent in 2009, the highest annual average unemployment rate in more than 10 years.

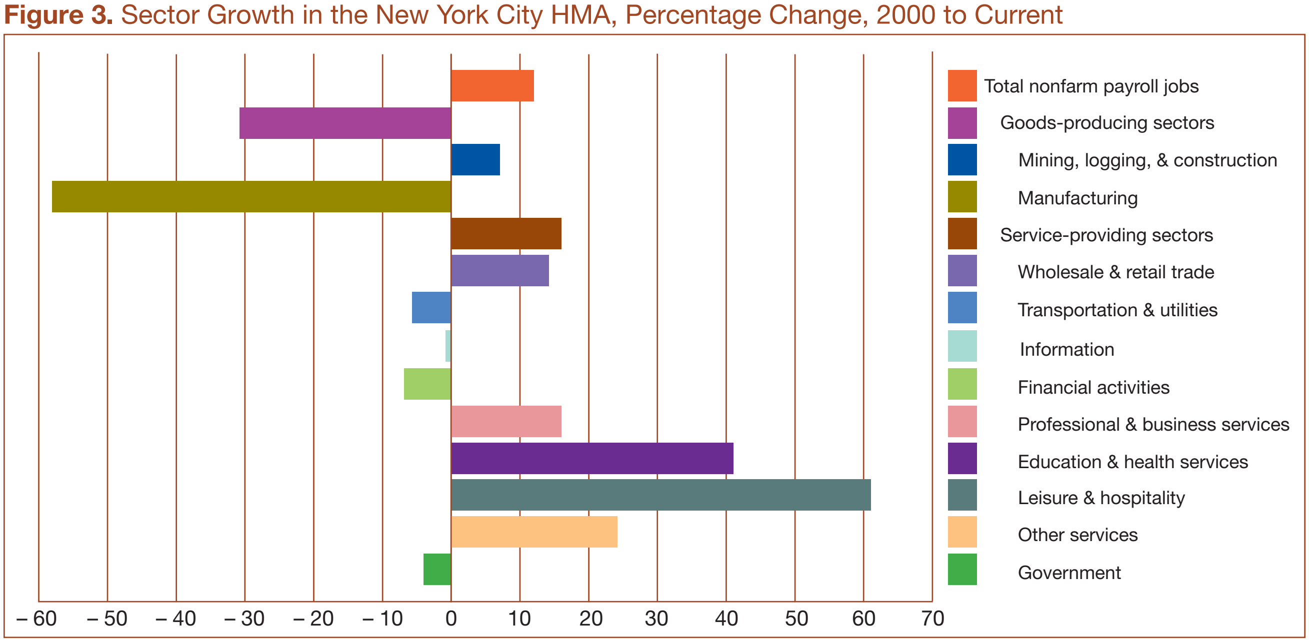
In 2010, nonfarm payroll growth in the HMA resumed at a much-reduced rate relative to earlier in the decade, as continued weakness in manufacturing and housing-related sectors was offset by modest growth elsewhere in the economy. Nonfarm payrolls increased by 18,200 jobs, or 0.5 percent, during that time. Job declines continued, although at a much lower level than the previous year, in the mining, logging, and construction (8,300, or 6.9 percent), financial activities (5,600, or 1.6 percent), and manufacturing (5,300, or 6.5 percent) sectors and began in the government sector (9,000, or 1.6 percent), which had the largest decline of any nonfarm payroll sector in 2010. Faced with declining tax revenues and tightening budgets, local jurisdictions began to reduce workforces, and local government payrolls fell by 10,700 jobs, or 2.3 percent. Payroll growth during that time continued to be led by the education and health services sector, which increased by 18,400 jobs, or 2.5 percent. Other sectors that added a significant number of jobs were leisure and hospitality (13,700, or 2.4 percent) and wholesale and retail trade (9,600, or 2.2 percent). Despite a small recovery in jobs, the unemployment rate continued to trend upward modestly in 2010, to 9.5 percent.

Beginning in 2011, nonfarm payroll growth in the HMA accelerated significantly to the fastest rate of growth in more than a decade and, by the end of 2012, the same number of jobs lost in 2009 had been recovered. From 2011 through 2013, nonfarm payrolls grew by an average of 90,000 jobs, or 2.4 percent, annually, and the unemployment rate declined from 9.5 to 8.8 percent. Gains were widespread during that time, with payroll increases occurring in every sector except government, which declined by an average of 4,500 jobs, or 0.8 percent, annually because of average annual reductions in federal, state, and local governments approximating 2,700, 1,400, and 400 jobs, respectively. Payroll growth was strongest in the professional and business services, leisure and hospitality, and education and health services sectors, which accounted for more than 70 percent of job gains during the period. Much of the recent growth, particularly in the professional and business services sector, is attributable to gains within the technology sector. A July 2015 study by the Federal Reserve Bank of New York found that, from 2007 through 2014, the number of technology-related jobs in the HMA increased by almost 41,000, or 57 percent—significantly more than the 12-percent gain that occurred throughout the rest of the country. As an example, the number of Google Inc. employees in the HMA more than doubled, to 4,000, during that time.

During the 12 months ending June 2015, job growth began or continued in most payroll sectors, with the only decline—of 1,400 jobs, or 1.8 percent—occurring in manufacturing. With the exception of 1997 and a brief respite in 2012 and 2013, manufacturing payrolls have declined in the HMA in every year since 1990 and have shed 190,100 jobs, or more than 70 percent of all manufacturing jobs, during that time. Although job declines have been widespread throughout the sector, some of the largest losses have occurred in the clothing industry; apparel manufacturing has accounted for nearly 40 percent of the decline in manufacturing payrolls since 1990. Government sector employment began to recover from recent declines and added 2,500 jobs, an increase of 0.5 percent, during the most recent 12 months, with most of the growth occurring in local governments, including the NYC Police Department, which has begun hiring nearly 1,300 police officers and 400 administrative aides as part of a recent budget agreement (New York State Department of Labor).

During the 12 months ending June 2015, the education and health services sector added the most jobs of any nonfarm payroll sector in the HMA, increasing by 32,900 jobs, or 4.0 percent. In addition to being the largest payroll sector, education and health services is the only sector to add jobs during every year of the past two decades. Since 2000, the sector has added 248,800 jobs, the most of any nonfarm payroll sector, and has grown 41 percent (Figure 3). During this time, job gains were distributed between the educational services and the health-care and social assistance components of the sector; however, growth during the most recent 12 months was concentrated primarily in the home health-care services industry. This industry,

Figure 3. Sector Growth in the New York City HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2015.
Source: U.S. Bureau of Labor Statistics

which consists of establishments primarily engaged in providing skilled nursing and other healthcare services in the home, grew by 12,400 jobs, or 12.1 percent, to 115,300 jobs, during the 12 months ending June 2015 and has doubled in size, on average, every 8 years, from 15,500 jobs in 1990. Growth in the healthcare industry is generally demographically driven and has benefited from the increasing general population and the aging population in the HMA. Two major hospital expansions are currently under way in the HMA: a 374-bed, 8,000-square-foot expansion of the NYU Langone Medical Center in the Manhattan submarket, which is valued at $2 billion, and the expansion of New York Methodist Hospital's Park Slope outpatient center in the Brooklyn submarket.

The only nonfarm payroll sector to expand at a faster rate than education and health services since 2000 was leisure and hospitality, which grew by 157,000 jobs, or 61 percent, during this time. Rapid growth in leisure and hospitality continued during the most recent 12 months, when 16,300 jobs were added, or an increase of 4.1 percent—the fastest rate of growth in any sector during the 12 months ending June 2015. The NYC HMA is a major tourist destination for domestic and international travelers, and the improving national economy has led to expansions among many entertainment venues and dining establishments. In 2014, a record 44.2 million domestic and 12.2 million international visitors travelled to the HMA, an increase of 2.1 million visitors, or 4 percent, from the previous year. Tourism generated estimated revenue of approximately $61.3 billion for the city and supported 359,000 jobs (NYC & Company).

Other sectors that added jobs during the 12 months ending June 2015 include professional and business services (25,700, or 3.9 percent), wholesale and retail trade (11,500, or 2.4 percent), financial activities (9,400, or 2.1 percent), other services (5,700, or 3.2 percent), and mining, logging, and construction (4,900, or 3.9 percent). Each of these sectors has benefited from improving overall economic conditions and expansions or relocations of multiple companies within the HMA. Among expansions, openings, and revitalizations announced during the past year are Yodle, an online marketing firm that recently opened a 114,000-square-foot headquarters in the Manhattan submarket and plans to hire 250 additional staff during the next 3 years; a city-funded $150 million, 12-year planned revitalization of Hunts Point Cooperative Market in the Bronx submarket, which is the world's largest wholesale food distribution center; and the redevelopment of the Staten Island Mall in New Springville, which, on completion in 2017, is expected to add 1,300 new jobs (New York State Department of Labor). In response to this continued robust employment growth, the unemployment rate declined to 6.6 percent during the 12 months ending June 2015 from 8.2 percent during the previous 12 months.

In addition to the openings already discussed, the New York City Economic Development Corporation, or NYCEDC, recently announced the expansion and launch of the Life Sciences Funding Initiative, which will identify and invest in research generated by academic medical institutions and entrepreneurs in the city. This $150 million public-private partnership anticipates creating 15 to

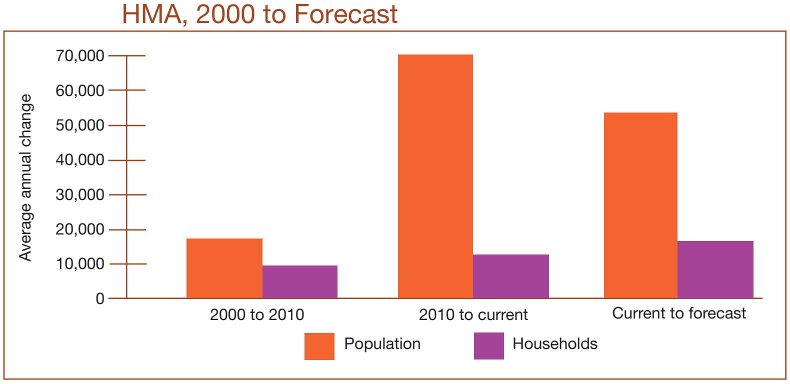
20 breakthrough life sciences ventures and approximately 2,000 permanent private-sector jobs during the next few years.

Strong job growth is expected to continue in the NYC HMA during the next 3 years, although gains are likely to slow from the recent historically high levels. Payroll growth in the HMA is anticipated to average 2.0 percent annually during this time, with gains continuing to be somewhat widespread but concentrated primarily in the education and health services and the professional and business services sectors. The unemployment rate is expected to continue to gradually decline during the next 3 years as employment gains continue to outpace growth in the labor force.

Population and Households

The five-borough NYC HMA is coterminous with NYC, the most populous city in the United States, with an estimated 8.54 million people as of July 1, 2015. The Brooklyn and Queens submarkets, which comprise the two largest boroughs by land area, adjoin each other in the east-southeast portion of the city and account for nearly 60 percent of the population in the HMA, with current respective populations of 2.64 million and 2.34 million. The Manhattan submarket, in the western portion of the HMA, consists of the most densely populated of the five boroughs and one of the most densely populated jurisdictions in the world, with an estimated 1.64 million people occupying a land area of less than 23 square miles. The Bronx submarket, which adjoins the Manhattan submarket in the north-northwest portion of the HMA, has a population of 1.45 million. The Staten Island submarket, in the southwest portion of the HMA, is home to 473,700 residents and constitutes the least populous and least densely populated of the five boroughs.

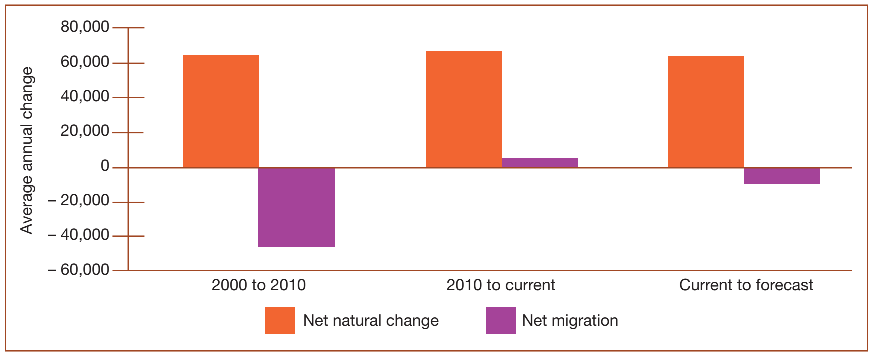
Figure 4. Population and Household Growth in the New York City HMA, 2000 to Forecast



Notes: The current date is July 1, 2015. The forecast date is July 1, 2018.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analysts

Since 2010, population growth in the HMA has averaged 69,700 people, or 0.8 percent, annually (Figure 4). Average annual rates of growth during this time ranged from 0.2 percent in the Staten Island submarket to 1.0 percent in the Brooklyn submarket. Approximately 6 percent of the population growth since 2010 has been the result of net in-migration to the HMA, whereas the remainder is attributable to net natural change (resident births minus resident deaths; Figure 5). Net in-migration during the period peaked from 2010 to 2011 at 27,200 before slowing to an average of 9,300 annually from 2011 to 2013 (Census Bureau population estimates as of July 1).

Figure 5. Components of Population Change in the New York City HMA, 2000 to Forecast



Notes: The current date is July 1, 2015. The forecast date is July 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analysts

The strong population growth from 2010 to 2013, relative to historical growth patterns, coincided with the beginning of the recovery from the recent economic downturn and a period of rapid gains in nonfarm payrolls.

Since 2013, net in-migration to the HMA has ceased and population growth has slowed despite continued positive economic conditions. During this time, average population growth of 0.6 percent and average net out-migration of 11,800 people occurred annually (Census Bureau population estimates as of July 1 and analysts' estimates). Net out-migration occurred in four of the five submarkets but was greatest in the Brooklyn and Manhattan submarkets, which had respective average net out-migration of 6,850 and 4,275 people annually during the period. The Queens submarket, which has relatively more affordable housing costs, is the only borough that has recorded net in-migration since 2013, averaging 2,100 annually, and is the only borough that recorded net in-migration during each of the past 7 years.

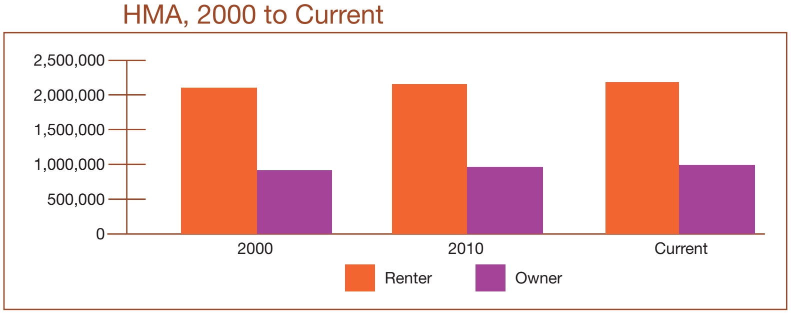
Despite slowing during the past 2 years, population growth in the HMA remains at or above the rate of growth during most of the 2000s. From April 2000 to April 2010, the population of the NYC HMA grew by an average of 16,700 people, or 0.2 percent, annually. Growth during that time was divided into two primary periods. From 2002 to 2006, no boroughs recorded net in-migration, and the population of the HMA declined by an average of 19,500 people, or 0.2 percent, annually, with the greatest average annual net out-migration occurring in the Brooklyn (33,250) and Queens (27,850) submarkets. The Manhattan and Staten Island submarkets were the only two to record population growth during that time, increasing by respective averages of 0.4 and 0.3 percent annually. Population declines were, in part, a response to weak economic conditions prevalent in the HMA during the early part of the decade. From 2006 to 2010, every submarket except Manhattan recorded either less net out-migration relative to the previous period or minimal net in-migration, and the population of the HMA increased by an average of 0.6 percent annually. Growth during that period benefited from modest employment gains in the HMA that began in 2004 and continued through 2008.

Since 2010, the rate of population growth in the HMA has exceeded the rate of household growth, and the size of an average household has increased. The number of households in the HMA grew by 12,150, or 0.4 percent, annually to 3.17 million, while population grew an average of 0.8 percent annually. By comparison, population and households grew by 0.2 and 0.3 percent, respectively, during the 2000s. Several economic and demographic factors contributed to the change in the trend. Job declines and a relatively weaker economy during the latter part of the 2000s coupled with rising housing costs and tightened lending standards inhibited new household formation by causing many young adults to continue living at home longer. The HMA also is home to large foreign-born and minority populations. Both of these groups generally have households that are larger than the national average. From 2010 to 2013, the percentage of foreign-born individuals living in the HMA increased from 37.0 percent to 37.2 percent of the total population, and the percentage of non-Hispanic White individuals decreased from 33.2 percent to 32.6 percent of the total population (Census Bureau population estimates as of July 1).

The NYC HMA has traditionally had the lowest homeownership rate of all large cities in the nation, in part because of very high housing costs relative to income levels. The homeownership rate in the HMA has been increasing for several decades, however, from 23.6 percent in 1970 to 30.2 percent in 2000, an average annual increase of 0.22 percentage points. This long-term trend continued during the 2000s, although at a reduced rate, and the homeownership rate increased to 31.0 percent in 2010, an average annual increase of 0.08 percentage points, in part because of many of the same economic and demographic conditions that inhibited new household formation during the period. Since 2010, economic conditions in the HMA have strengthened and lending standards have begun to ease. An average of approximately 7,000 and 5,200 new owner and renter households, respectively, were formed in the HMA annually during this time, and the homeownership rate further increased to a current rate of 31.5 percent, accelerating to an average annual increase of 0.1 percentage point. Current homeownership rates in the HMA range from a low of 19.0 percent in the Bronx submarket to a high of 64.0 percent in the Staten Island submarket. Figure 6 shows the number of households, by tenure, in the HMA in 2000, 2010, and the current date.

During the next 3 years, the population of NYC is expected to grow by an average of 53,350 people, or 0.6 percent, annually, to 8.70 million. The rate of growth is anticipated be similar to the past 2 years but will remain below the relatively strong growth recorded from 2010 to 2013, in part because employment gains are expected to moderate. Despite the modest slowdown in population growth, the number of households is expected to increase by an average

Figure 6. Number of Households by Tenure in the New York City HMA, 2000 to Current



Note: The current date is July 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts of 16,150, or 0.5 percent, annually to 3.22 million, a slight increase from the 2010-to-current growth rate of 0.4 percent. Continued economic growth and a partial relaxation of lending standards are expected to contribute to an easing of the constraints that inhibited new household formation in recent years, and the gap between population and household growth rates is expected to reduce through July 2018.

Housing Market Trends

Sales Market—Bronx Submarket

The sales housing market in the Bronx submarket is balanced. The current estimated vacancy rate is 2.0 percent, down from 2.3 percent during 2010 (Table DP-2 at the end of the report). As economic conditions have strengthened since 2011, the sales market in the submarket improved from slightly soft conditions from 2011 through 2013 and has been balanced since 2014. The number of new and existing homes (including condominiums, cooperatives, and one- to three-family homes) accounted for 6 percent of sales in the HMA during the 12 months ending June 2015 (REBNY), relatively unchanged since 2010 and the fewest home sales among the NYC HMA submarkets. (One- to four-family homes are defined at the end of this report.) Among the submarkets, the Bronx submarket has the second lowest percentage of one- to four-family homes, at 69 percent of owner units, compared with the lowest percentage in the Manhattan submarket, at 8 percent, and the second highest percentage of condominiums and cooperatives, after the Manhattan submarket. Conversely, the Bronx submarket has the lowest home prices in the NYC HMA, whereas the highest prices are in the Manhattan submarket, with an average price more than three times higher than in the Bronx submarket (CoreLogic, Inc., with adjustments by the analysts). Single-family attached and detached units accounted for 39 percent of owner-occupied units in the Bronx submarket in 2014, down from 42 percent in 2010 (2010 and 2013 American Community Survey 1-year data). Condominiums and cooperatives accounted for 31 percent of owner-occupied units in 2014, unchanged from 2010.

Home sales (including condominiums, cooperatives, and one- to three-family homes) have increased in recent years in the Bronx submarket but are below the level during the early 2000s. Approximately 2,750 existing, nondistressed (excludes real estate owned [REO] and short sales) homes were sold in the submarket during the 12 months ending June 2015, up 12 percent compared with the number sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analysts). By comparison, from 2000 through 2005, home sales increased an average of 17 percent a year, to 6,350 homes in 2005, followed by a 22-percent average annual decrease from 2006 through 2009, to 2,250 homes in 2009, corresponding with changes in economic conditions. Sales increased briefly in 2010, by 1 percent, partially because of incentives for first-time homebuyers, before declining an average of 4 percent in 2011 and 2012, to 2,100 homes. Unlike existing home sales, new home sales have not yet begun to recover from the decade-long decline. The number of new home sales decreased an average of 16 percent annually in the submarket, from 770 homes at the end of 2004 to 160 homes in 2013. New home sales remained at a low level; during the 12 months ending June 2015, 160 new homes sold, down 19 percent from a year earlier.

The percentage of seriously delinquent home loans (those 90 or more days delinquent or in foreclosure) and REO properties in the Bronx submarket is declining but remains high and is the highest rate among all submarkets in the NYC HMA. As of June 2015, 9.2 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 10.6 percent in June 2014 and a high of 13.1 percent in March 2013 (Black Knight Financial Services, Inc.). By comparison, the peak of 9.2 percent for the nation occurred earlier, in January 2010; New York is a judicial state, resulting in a longer foreclosure process. The current rate for the submarket remains higher than the rates of 5.6 percent for the HMA, 6.9 percent for New York, and 4.1 percent for the nation. Distressed sales (REO and short sales) peaked at 15 percent of existing home sales during 2010 and currently account for 13 percent of existing home sales, or 430 sales, compared with only 2 percent in 2006 (CoreLogic, Inc., with adjustments by the analysts).

The average sales price for existing, nondistressed homes (including condominiums, cooperatives, and one- to three-family homes) was $342,400 during the 12 months ending June 2015, up 4 percent from a year earlier (CoreLogic, Inc., with adjustments by the analysts). The average price increased 11 percent annually from 2000 through 2006, to $372,600, when the economy was improving from job losses in the early 2000s, before declining 4 percent annually from the end of 2006 through 2011, to $295,300, as the economy weakened. The percentage of distressed sales increased from 2008 through 2010, and the average sales price of an REO property was $278,500, 12 percent lower than the average non-REO existing sales price of $315,000. When the percentage of distressed sales began to decline, prices of existing homes increased an average of 6 percent in 2012 and 2013, to $329,800. Prices of new homes followed a trend similar to existing home prices but with slightly higher increases of 14 percent from 2000 through 2006 and 8 percent in 2012 and 2013. The average sales price for new homes rose 7 percent during the 12 months ending June 2015, to $493,900.

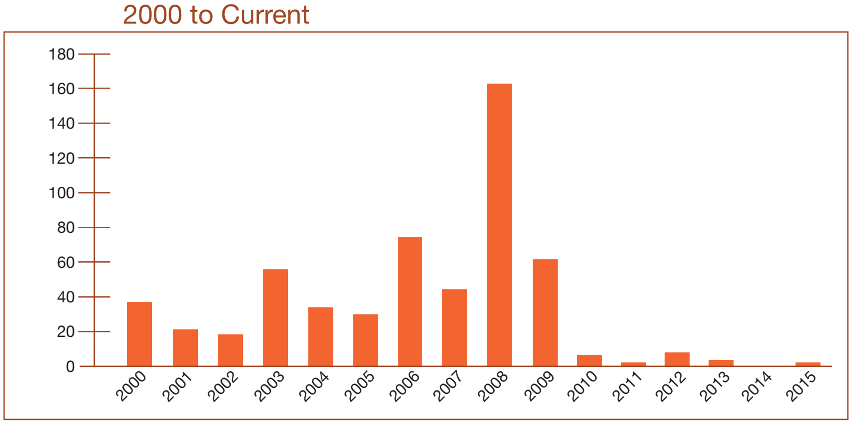
The market for condominiums and cooperatives in the Bronx submarket is balanced. The average price of new and existing condominiums and cooperatives was down 3 percent, to $247,000, during the 12 months ending June 2015, compared with a year earlier (REBNY). Despite the price decline, sales of condominiums and cooperatives increased 8 percent, to 830 units, during the same period. By comparison, sales increased an average of 21 percent in 2013, to 680 sales, after declining an average of 21 percent, to 640 sales, in 2011 and 2012.

Single-family home construction, as measured by the number of single-family homes permitted, averaged approximately 40 homes annually in the Bronx submarket from 2000 through 2007 (Figure 7). As the population began increasing in 2007, the level of homebuilding expanded to an average of 85 homes annually from 2006 through 2009 before declining to fewer than 10 units annually since 2010. During the 12 months ending June 2015, virtually no single-family homes were permitted, unchanged from a year earlier (preliminary data).

Construction of single-family homes, condominiums, and cooperative units has been limited in the Bronx submarket since the late 2000s. Condominiums accounted for an estimated 2 percent of units in buildings with 5 or more multifamily units permitted in the submarket since 2010, down from 9 percent from 2000 to 2010. During the early 2000s, the development of condominium and cooperative units was relatively limited and averaged approximately 90 units a year. From 2006 through 2009, construction increased, and an average of 290 condominium and cooperative units were permitted annually before declining to an average of 50 units since 2010 (New York State Office of the Attorney General, Real Estate Finance Bureau). Condominium construction reached a peak in 2008, when 430 units were permitted. During 2008, a former commercial building in the Mott Haven neighborhood of the South Bronx was converted into the 11-unit market-rate condominium, Bronx Bricks, with prices ranging from $388,000 for a studio to $712,800 for a three-bedroom unit. The 160 cooperative units at The Solara in the South Bronx, which are affordable to households with incomes up to 110 percent of Area Median Income (AMI), were completed in 2010; selling prices ranged from $108,000 and to $389,900. The 43-unit waterfront condominium development, On the Sound, is under construction on City Island at the eastern edge of the Bronx submarket. Prices for the 21 two-family dwellings are expected to start at $478,000 for a two-bedroom unit and nearly $600,000 for a three-bedroom unit; in addition, the development will include one single-family home.

During the 3-year forecast period, demand in the Bronx submarket is expected for 650 new homes (Table 1). The 30 units currently under construction and a portion of the 8,450 other vacant units that might return to the market will satisfy some of the forecast demand. Table 4 illustrates the estimated demand for new sales housing in the submarket, by price range. Demand is expected for approximately 190 homes and condominium units in the first year and is expected to increase to 220 homes in the second and third years of the forecast period.

Figure 7. Single-Family Homes Permitted in the Bronx Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Bronx Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	349,999	160	25.0
350,000	449,999	250	39.0
450,000	599,999	180	27.0
600,000	and higher	60	9.0

Notes: The 30 homes currently under construction and a portion of the estimated 8,450 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

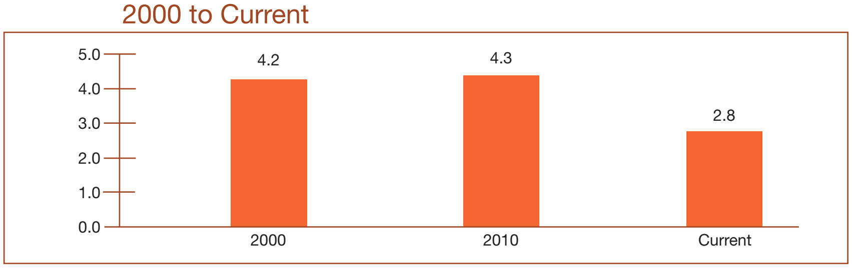
Source: Estimates by analysts

Rental Market—Bronx Submarket

The rental housing market in the Bronx submarket is currently slightly tight, with an estimated current overall vacancy rate of 2.8 percent (Figure 8), down from the 4.3 percent reported in the 2010 Census. The completion of neighborhood amenities (which will be discussed further in this section) during the past 5 to 7 years partially explains the increasing desirability of the submarket. The apartment market in the Bronx submarket is tight, with an average vacancy rate of 1.2 percent during the second quarter of 2015, up from 1.0 percent a year earlier, but down from the rate of 1.4 percent in the first quarter of 2010 (Reis, Inc.). The average apartment rent was $1,224 during the second quarter of 2015, up 5 percent from $1,175 a year ago.

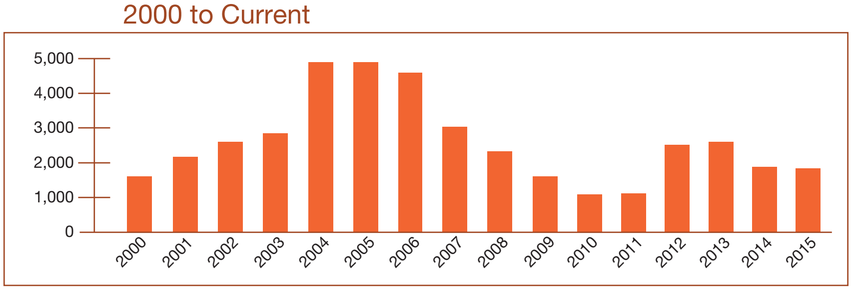
Multifamily building followed trends in the local economy. Multifamily building activity rose to an average of 4,800 units permitted annually from 2004 through 2006, when economic conditions were strong (Figure 9). During this period of economic expansion, more households migrated out of the Bronx submarket than earlier in the decade. As a result, the apartment market eased to a less tight condition, and the apartment vacancy rate averaged 1.4 percent from 2004 through 2006. Developers responded to the weaker economy by reducing construction of multifamily units from 3,050 units in 2007 to 1,050 units in 2010, an average decrease of 31 percent annually, even as the population increased. As a result, demand outpaced supply, the market tightened, and the apartment vacancy rate declined to an average of 0.9 percent from 2007 to 2010. Since 2010, economic conditions have improved, and developers responded by increasing production of multifamily units to an average of 2,600 units annually in 2012 and 2013. During the 12 months ending

Figure 8. Rental Vacancy Rates in the Bronx Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 9. Multifamily Units Permitted in the Bronx Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

June 2015, production increased 19 percent to 2,750 multifamily units compared with the number of units permitted in the previous 12 months (preliminary data). During this period, 98 percent of multifamily units permitted were for apartments, similar to the trend since 2010, when condominium units accounted for only 2 percent of multifamily units permitted, down from an average of 9 percent from 2000 through 2009. Unlike the trend earlier in the decade, however, net out-migration has remained relatively low since 2010.

During 2014, units in buildings with five or more units accounted for more than 80 percent of rental units in the Bronx submarket, unchanged from April 2010 (2010 and 2014 American Community Survey 1-year data). Approximately 21 percent of all rental units in the submarket are market rate, which is less than the average of 38 percent for the NYC HMA (2014 New York City Housing and Vacancy Survey). By contrast, the submarket has a larger percentage of government-assisted units (including Mitchell Lama units that are affordable to moderate- and middle-income families). Government-assisted units account for 21 percent of all rental units in the Bronx submarket, compared with 13 percent of all rental units in the HMA. The remaining units, including 60 percent and 49 percent of rental units in the submarket and the HMA, respectively, are unsubsidized, but rent increases are regulated by state rent-control and rent-stabilization laws (defined at the end of this report). Most are rent-stabilized units; rent-controlled units account for only 1.3 percent of units in the HMA and 0.3 percent of units in the Bronx submarket.

Low-income rental units developed in the Bronx submarket have been financed primarily through the federal Low-Income Housing Tax Credit Program and the NYC Housing Development Corporation Low-Income Affordable Marketplace Program, or LAMP. Since 2010, an average of 650 low-income rental units have been completed annually in the submarket, up slightly from the average of 600 units developed each year from 2000 through 2009. Redevelopment has been occurring in the South Bronx neighborhood for several years, including Courtlandt Crescent, a 217-unit development in two buildings, completed in 2013, which is affordable to households with incomes at or below 60 percent of the area Median Family Income (MFI). The 201-unit Morris Court Apartments was completed in mid-2014, and in addition to providing rental units affordable to households with incomes at or below 60 and 80 percent of the MFI, 25 percent of the units are available to formerly homeless families. In the East Bronx neighborhood, Park West Apartments, a mixed-use development with 136 below-market-rent units over retail space and a community center near the Castle Hill and Parkchester neighborhoods, was completed in early 2015, with rents ranging from approximately $800 a month for studios to nearly $1,200 for three-bedroom units. Units in planning include 245 below-market-rate units at 4261 Park Avenue in East Tremont, which are likely to be marketed to single adults, with small units of approximately 400 square feet; and 134 mixed-income units at 810 River Avenue in the West Concourse neighborhood, near the new Yankee Stadium.

The Bronx submarket has become increasingly popular because of improvements in amenities, such as the new Yankee Stadium and Heritage Park, a public baseball park on the site of the old Yankee Stadium, which opened in the South Bronx in 2009 and 2012, respectively. New market-rate units are being developed in gentrifying areas and are typically smaller, infill structures with six to eight apartments per lot. Development of market-rate units has occurred primarily in neighborhoods such as the South Bronx but also in the East Bronx and the West Bronx, near Fordham University. The 42-unit 1702 Bryant Avenue apartments in the South Bronx were completed in 2013. The 95-unit Clocktower Lofts, a historic landmark building in the South Bronx, most recently renovated in 2010, has rents ranging from $1,500 for one-bedroom units to $1,775 and $2,500 for one- and two-bedroom lofts, respectively. Apartments under construction include 21 units in three buildings in a one-block area in Port Morris, within the South Bronx neighborhood; the first 6 loft units are under way at 136 Alexander Avenue and are expected to rent for $2,100 a month. Market-rate construction is under way in Belmont, within the Northwest Bronx neighborhood near Fordham University, with plans for approximately 16 apartments on Cambreleng Avenue.

Rental units associated with colleges and universities have helped alleviate tight rental market conditions since 2010. Boricua Village, a mixed-use development with 700 residential units, retail space, and the 120,000-square-foot campus of Boricua College in the South Bronx was completed in 2011. The mixed-income development includes 400 moderate-income apartments, known as the Residences at Northrose, and 300 low-income apartments. In addition, Fordham University completed new apartments for upperclassmen in 2010; the Campbell, Salice, and Conley residence halls accommodate 240 students.

During the next 3 years, demand is expected for 9,350 rental units in the Bronx submarket (Table 1). Demand is expected for approximately 8,000 income-restricted and 1,300 market-rate units. The 2,650 units currently under construction will satisfy most of the rental housing demand during the first year of the forecast period. Demand is expected to average 3,125 units during the second and third years. Table 5 shows estimated demand for market-rate rental housing in the submarket, by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Bronx Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,000 or more	140	1,300 or more	410	1,600 or more	540	1,900 or more	270
Total	140	Total	410	Total	540	Total	270

Notes: Numbers may not add to totals because of rounding. The 2,650 units currently under construction will likely satisfy some of the estimated demand. Demand is estimated for an additional 8,000 below-market-rate units. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analysts

Sales Market—Brooklyn Submarket

The home sales market in the Brooklyn submarket is balanced. The current estimated vacancy rate is 1.8 percent, down from 3.2 percent during 2010 (Table DP-3 at the end of the report). The sales market in the submarket has remained balanced since 2010, following declines in sales and prices from 2007 through 2009, when economic conditions weakened. The number of new and existing homes sold in the submarket (including condominiums, cooperatives, and one- to three-family homes) accounted for 25 percent of sales in the NYC HMA during the 12 months ending June 2015 (REBNY). The average number of days a one- to three-family home remained for sale on the market during June 2015 was 99, an increase of 9 days from a year earlier (Douglas Elliman and Miller Samuel, Inc.). Single-family attached and detached units accounted for 39 percent of owner-occupied units in the submarket in 2014, relatively unchanged from 40 percent in 2010 (2010 and 2014 American Community Survey 1-year data). Duplexes and three- and four-family homes were 38 percent of owner units in 2014, the highest percentage of this type of unit among all submarkets in the HMA. Condominiums and cooperatives accounted for the remaining 23 percent of owner-occupied units in 2014, up from 20 percent in 2010. The Brooklyn submarket is second only to the Manhattan submarket in terms of the number of high-end condominium developments with amenities and locations near employment centers and public transportation.

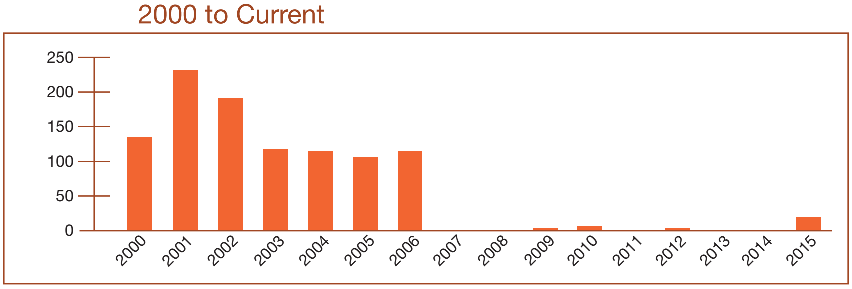
Home sales (including condominiums, cooperatives, and one- to three-family homes) in the Brooklyn submarket have increased but are below the peak levels of the early to mid-2000s. Approximately 10,350 existing, nondistressed homes were sold in the submarket during the 12 months ending June 2015, down 1 percent compared with the number sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analysts). By comparison, from 2004 through 2006, home sales averaged 14,950 homes a year, followed by an 18-percent annual decrease from 2007 through 2009, to 7,700 homes in 2009, in response to declines in the economy. Sales increased briefly in 2010, by 20 percent, partially because of incentives for first-time homebuyers, before declining 12 percent, to 8,100 homes in 2011, and remained at 8,100 homes through 2012. Similarly, new home sales followed economic trends, increasing an average of 34 percent annually from 2002 through 2008, but declined from 2,875 homes at the end of 2008 to 800 homes in 2009, a 72-percent decrease. New home sales have declined each year since the end of 2011 and remain at a relatively low level. During the 12 months ending June 2015, 1,125 new homes sold, down 16 percent from a year earlier. Sales of new homes have remained low, partially because of rising prices and tighter lending standards; as a result, fewer people can afford to become homeowners, and many have remained renters.

The percentage of seriously delinquent home loans and REO properties in the Brooklyn submarket is declining but remains higher than the June 2015 rate of 5.6 percent for the HMA. As of June 2015, 6.6 percent of home loans in the submarket were seriously delinquent or had transitioned into

REO status, down from 7.9 percent in June 2014 and a high of 10.8 percent in January 2012 (Black Knight Financial Services, Inc.). Distressed sales peaked at 13 percent of existing home sales in August 2012 and currently account for 9 percent of existing home sales, or 970 sales, compared with 2 percent of sales in 2006 (CoreLogic, Inc., with adjustments by the analysts).

Since 2010, the sales price for existing homes (including condominiums, cooperatives, and one- to three-family homes) in the Brooklyn submarket has increased at nearly the same pace as during the early to mid-2000s, while the price of new homes has risen more rapidly than during the previous decade. The average sales price for existing, nondistressed homes was $741,600 during the 12 months ending June 2015, up 9 percent from a year earlier (CoreLogic, Inc., with adjustments by the analysts). The average price increased 11 percent annually from 2000 through 2007, to $574,000, before declining an average of 4 percent annually in 2008 and 2009, to $526,900. During 2008 and 2009, distressed sales increased, and the average sales price of an REO property was $331,000, 39 percent lower than the average non-REO existing sales price of $546,200. Prices of existing homes increased an average of 6 percent annually since the end of 2009. Prices of new homes followed a trend similar to existing home prices but with slightly higher increases of 16 percent from 2000 through 2007 and 9 percent annually since the end of 2009. The average sales price for new homes rose 19 percent during the 12 months ending June 2015, to $900,800.

Figure 10. Single-Family Homes Permitted in the Brooklyn Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Single-family home construction, as measured by the number of single-family homes permitted, averaged approximately 140 homes annually in the Brooklyn submarket from 2000 through 2006 (Figure 10). As the economy weakened in the latter part of the decade, homebuilding has declined to less than 10 units annually since 2007. During the 12 months ending June 2015, 20 single-family homes were permitted, an increase from zero a year earlier (preliminary data).

Condominiums, which averaged 660 units a year, accounted for 13 percent of multifamily units permitted in buildings with 5 or more units in the Brooklyn submarket since 2010, down from 43 percent from 2000 through 2009, or an average of 2,075 units annually (New York State Office of the Attorney General, Real Estate Finance Bureau). The condominium market was soft in 2009 and 2010, when an average of 5,550 condominium and cooperative units that were completed in 2007 and 2008 continued to be absorbed. By comparison, an average of 1,475 condominium and cooperative units were completed each year from 2003 through 2006. The average price of new and existing condominiums and cooperatives was up 7 percent, to $609,900, during the 12 months ending June 2015, compared with a year earlier (REBNY). Sales of condominiums and cooperatives declined 5 percent, to nearly 4,750 units, during the same period. Although sales of condominiums and cooperatives declined recently, the percentage increase in the average price was elevated by atypical increases of 77, 62, and 53 percent in the Bushwick/Wyckoff Heights, Canarsie, and Brownsville/Ocean Hill neighborhoods, respectively, during the past year, partially because of limited supply and increasing popularity of these areas.

The condominium market in the Brooklyn submarket has strengthened since 2010 and is currently slightly tight because of stronger economic conditions and population growth. The average number of days a condominium unit remained on the market was 62 in June 2015, down 15 days from a year ago (Douglas Elliman and Miller Samuel, Inc.). At 388 Bridge Street in downtown Brooklyn, 144 condominium units were completed in mid-2014 and are selling at prices ranging from $572,000 to $6 million; the building is a combination of condominium and rental units, known as a "condo-rental hybrid," that includes an additional 234 rental units. Along the South Williamsburg waterfront, the 216-unit Oosten is expected to be complete in early 2016; the building will include one-, two-, and three-bedroom condominiums starting at $850,000, $1.19 million, and $2.25 million, respectively, and prices are expected to average $3.63 million for townhomes and lofts and $6.49 million for penthouses. In Boerum Hill, south of downtown Brooklyn, a 128-unit condominium and hotel is under construction and expected to be complete in spring 2016; prices for The Boerum start at $1.48 million for a two-bedroom, $2.15 million for a three-bedroom, $3.5 million for a four-bedroom, and more than $4 million for a five-bedroom unit. Navy Green, a 458-unit mixed-income, rental and condominium development with four buildings and 23 townhomes, is being constructed in phases in the Fort Greene/Brooklyn Navy Yard area. The first phase was completed in 2013, and an additional phase, a building with 99 condominiums, including 74 income-restricted units, is under construction and expected to be complete in spring 2016; prices for units will range from $230,000 to $310,000 for one-bedroom units, from $330,000 to $382,000 for two-bedroom units, and from $410,000 to $440,000 for three-bedroom units.

During the 3-year forecast period, demand in the Brooklyn submarket is expected for 7,300 new homes (Table 1). The 580 units currently under construction and a portion of the 36,850 other vacant units that might return to the market will satisfy some of the forecast demand. Table 6 illustrates the estimated demand for new sales housing in the submarket, by price range. Demand is expected for approximately 2,425 homes each year, most of which will be condominium units.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Brooklyn Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
250,000	449,999	2,550	35.0
450,000	649,999	2,200	30.0
650,000	999,999	1,450	20.0
1,000,000	and higher	1,100	15.0

Notes: The 580 homes currently under construction and a portion of the estimated 36,850 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

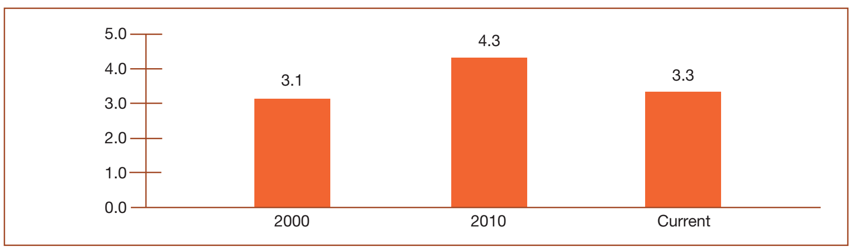
Source: Estimates by analysts

Rental Market—Brooklyn Submarket

Rental housing market conditions in the Brooklyn submarket are currently balanced. The overall rental vacancy rate is estimated at 3.3 percent, down from 4.3 percent in 2010 (Figure 11). The apartment market in the submarket is also balanced, with an average vacancy rate of 5.1 percent during the second quarter of 2015, an increase from 4.0 percent a year earlier and 2.6 percent in 2010 (Reis, Inc.) because of increased building activity since 2012. The average apartment rent was $2,012 during the second quarter of 2015, up 6 percent from a year earlier, equal to the average annual increase since the first quarter of 2011.

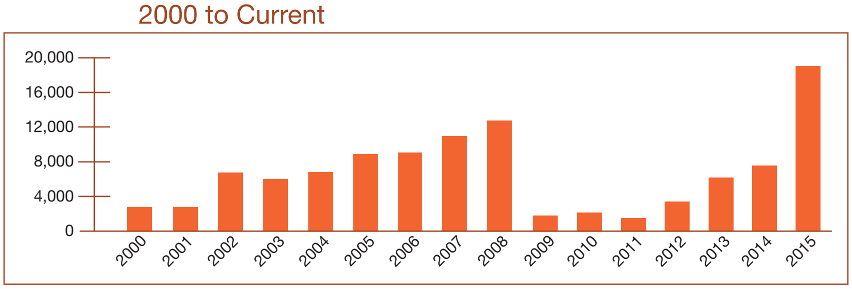
Developers responded to changes in economic conditions during the past decade, and as a result, multifamily building followed trends in the local economy. Multifamily building activity rose from an average of 4,975 units annually from 2000 through 2004 to an average of 10,400 units annually from 2005 through 2008, when economic conditions were strong (Figure 12). During that period of economic expansion, net out-migration from the Brooklyn submarket slowed but remained high; absorption of apartments remained strong, and the apartment vacancy rate averaged 2.7 percent. When nonfarm payrolls in the NYC HMA declined by more than 100,000 jobs in 2009, developers in the submarket responded by reducing construction of multifamily units to an average of 1,775 units annually from 2009 through 2011. During that period, the apartment market was tight, and the vacancy rate averaged 2.7 percent. Since 2010, economic conditions have improved, and developers responded by increasing production of multifamily units. In 2012, population growth began to slow and construction nearly doubled, from 3,350 units in 2012 to 6,150 units in 2013. As a result, the apartment market has eased from previously tight conditions in 2011, when production was low. During the 12 months ending June 2015, approximately 23,225 multifamily units were permitted, more than triple the number of units permitted in the previous 12 months (preliminary data). The increase in permitting was partially the result of builders responding to the possibility that tax incentives for multifamily development would expire in June 2015 (New York State Real Property Tax Law, Section 421-a).

Figure 11. Rental Vacancy Rates in the Brooklyn Submarket, 2000 to Current



Note: The current date is July 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 12. Multifamily Units Permitted in the Brooklyn Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

During 2014, units in buildings with 5 or more units accounted for 63 percent of rental units in the Brooklyn submarket, unchanged from 2010 (2010 and 2014 American Community Survey 1-year data). Significant development has occurred in downtown Brooklyn as a result of rezoning in 2004; more than 5,200 market-rate residential units and 420 below-market-rate units were added from 2004 through 2014 (Downtown Brooklyn Partnership). The 255-unit BKLYN AIR, in downtown Brooklyn, was completed in early 2015; rents start at $2,325 for studios, $2,950 for one-bedroom units, $3,750 for two-bedroom units, and $8,500 for penthouse units. In the relatively more affordable Bushwick neighborhood, a former mattress factory was converted into the 127-unit Colony 1209 in late 2013, with rents of $2,262 for one-bedroom, $2,800 for two-bedroom, and $3,115 for three-bedroom units; renters typically are young professionals employed in the finance industry (*New York Times*). In the Williamsburg neighborhood, 1 North 4th Place was completed in early 2015 and is currently leasing 510 units, with rents starting at $2,200 for studios, $2,800 for one-bedroom units, $4,200 for two-bedroom units, and more than $5,000 for three-bedroom units.

Apartments accounted for 78 percent of multifamily units permitted in buildings with 5 or more units in the Brooklyn submarket since 2010, up from 57 percent from 2000 through 2009. Among the units under construction along the Williamsburg waterfront is the former Domino Sugar factory site, which will include three buildings with more than 2,200 apartments, including approximately 700 below-market-rate units, and is expected to be complete in 6 to 8 years. The first building at the Domino Sugar site will include 400 market-rate and 100 below-market-rate units, with studio apartments affordable to households with incomes at 40 to 50 percent of AMI, and is expected to be complete by summer 2017. Units in planning include the former Rheingold Brewery, with 10 eight-story buildings and nearly 1,000 apartments, including 300 below-market-rate units, in the Bushwick neighborhood. The first rental building will include 392 units, with 123 studios, 228 one-bedroom units, and 41 two-bedroom units; 20 percent of the units will rent below the market rate.

During the next 3 years, demand is expected for 17,200 rental units in the Brooklyn submarket (Table 1). The 22,750 units currently under construction will satisfy all the rental housing demand during the forecast period. As a result of the potential loss of property tax abatement for developers, a record number of apartments are currently under construction. If all the units are completed, no additional rental units will need to be developed in the submarket during the forecast period. Table 7 shows estimated demand for rental housing in the submarket, by rent level and number of bedrooms.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Brooklyn Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
2,000 to 2,499	520	2,200 to 2,699	600	3,000 to 3,499	520	4,500 to 4,999	1,200
2,500 to 2,999	1,925	2,700 to 3,199	900	3,500 to 3,999	2,075	5,000 to 5,499	860
3,000 or more	130	3,200 to 3,699	3,600	4,000 to 4,499	1,025	5,500 to 5,999	690
		3,700 to 4,199	600	4,500 to 4,999	1,025	6,000 to 6,499	520
		4,200 or more	300	5,000 to 5,499	260	6,500 or more	170
				5,500 or more	260		
Total	2,575	Total	6,025	Total	5,150	Total	3,450

Notes: Numbers may not add to totals because of rounding. The 22,750 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2015, to July 1, 2018.
Source: Estimates by analysts

Sales Market—Manhattan Submarket

The sales housing market in the Manhattan submarket is slightly soft. The current estimated vacancy rate is 3.5 percent, down from 4.4 percent during 2010 but higher than the rate of 2.7 percent in 2000 (Table DP-4 at the end of the report). The average number of days a home (including condominiums, cooperatives, and one- to three-family homes) remained for sale on the market in the submarket decreased to 94 during June 2015, declining by 2 days from a year earlier (Douglas Elliman and Miller Samuel, Inc.). Condominiums and cooperatives accounted for 91 percent of owner-occupied units in the Manhattan submarket in 2014, down from 92 percent in 2010 (2010 and 2014 American Community Survey 1-year data). Single-family attached and detached units accounted for 5 percent of owner-occupied units in 2014, unchanged from 2010; duplexes and three- and four-family homes together accounted for the remaining 4 percent of owner-occupied units in 2014, up slightly from 2010 and the lowest percentage of all submarkets in the NYC HMA. New and existing homes sold in the submarket (including condominiums, cooperatives, and one- to three-family homes) accounted for approximately 30 percent of sales in the HMA during the 12 months ending June 2015 (REBNY). The sales market in the Manhattan submarket includes the highest priced condominium developments with amenities and locations near employment centers and public transportation in the HMA, attracting both national and international buyers.

Existing home sales (including condominiums, cooperatives, and one- to three-family homes) in the Manhattan submarket have followed trends in the economy since the 2000s; however, new home sales have remained weak since 2009. Approximately 12,550 existing, nondistressed homes were sold during the 12 months ending June 2015, down 10 percent compared with the number sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analysts). By comparison, from 2004 through 2007, home sales averaged 14,200 homes a year, followed by a 25-percent average annual decrease in 2008 and 2009, to 8,125 homes in 2009 in response to the weaker economy. From 2010 through 2013, sales increased to an average of 8,950 homes. Sales of new homes have not recovered from the decline that occurred after the peak in 2008. The number of new home sales in the submarket increased an average of 35 percent annually from 2003 through the end of 2008, to 4,950 homes. As economic conditions weakened, new home sales decreased 61 percent in 2009, to 1,950 homes, before continuing to decline an average of 18 percent each year from 2010 through 2013, to 890 homes. During the 12 months ending June 2015, 780 new homes sold, down 8 percent from a year earlier.

Seriously delinquent home loans and REO properties in the Manhattan submarket remain at a low level. The percentage is the lowest of any submarket in the NYC HMA and below the national rate of 4.1 percent. As of June 2015, 0.8 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 1.0 percent in June 2014 and a high of 1.8 percent in January 2012 (Black Knight Financial Services, Inc.). Distressed sales peaked at nearly 4 percent of existing home sales during 2012 and currently account for 2 percent of existing home sales, or 290 sales (CoreLogic, Inc., with adjustments by the analysts).

Economic conditions have affected trends in the sales prices for new and existing homes in the Manhattan submarket. The average sales price for existing, nondistressed homes (including condominiums, cooperatives, and one- to three-family homes) in the submarket was $1.21 million during the 12 months ending June 2015, up 5 percent from a year earlier (CoreLogic, Inc., with adjustments by the analysts). By comparison, the average price increased 9 percent annually from 2005 through 2007, to $1.07 million, before declining 9 percent in 2009, to $978,200, when the average sales price of an REO property was 10 percent lower, or $878,000. As the economy improved, prices increased an average of 3 percent a year from 2010 through 2013, to $1.10 million. Prices of new homes followed a trend similar to existing home prices but declined slightly during the past year. The average price of new homes increased 9 percent annually from 2007 through 2009, to $1.43 million, before declining an average of 5 percent a year in 2010 and 2011, to $1.31 million, as job losses in 2009 affected home sales and prices. Prices increased an average of 12 percent a year in 2012 and 2013, to $1.62 million, when the economic recovery strengthened. During the 12 months ending June 2015, prices of new homes declined 1 percent, to $1.57 million.

Single-family home construction is very limited in the Manhattan submarket. Since 2000, the number of single-family homes permitted has totaled less than 10 units annually. During the 12 months ending June 2015, virtually no single-family homes were permitted (preliminary data).

The market for condominium and cooperative units in the Manhattan submarket is currently balanced. As the economy has improved since 2010, the number of new condominiums available for sale in the submarket has increased gradually, although completions remain below the level of development that occurred during the 2000s. Condominiums accounted for 20 percent of multifamily units permitted in buildings with 5 or more units in the submarket since 2010, or an average of 900 units annually, down from 22 percent from 2000 through 2009. An average of 670 condominium and cooperative units were completed annually from 2003 through 2006, and the average increased to 3,175 units from 2007 through 2009, at the same time the economy weakened (New York State Office of the Attorney General, Real Estate Finance Bureau). In 2011, the condominium market was slightly soft, as those units continued to be absorbed. From 2010 through 2014, the development of condominium and cooperative units slowed to an average of 480 units annually. During the 12 months ending June 2015, sales of new and existing condominiums and cooperatives declined 9 percent, to 13,300 units, compared with a year earlier (REBNY). The average price rose 19 percent to $1.65 million during the 12 months ending June 2015, compared with a year earlier; the recent price increase was significantly higher than the 2- and 3-percent increases during the 12 months ending June 2013 and 2014, respectively. The large price increase during the 12 months ending June 2015 resulted partially because of sales at 157 West 57th Street, near Central Park, including six units that sold for more than $20 million each.

More than three-fourths of the condominium construction since 2013 has occurred in the Midtown West market area of the Manhattan submarket. The 51-unit Stella Tower was completed in fall 2014; selling prices started at $1.83 million for one-bedroom units and $4.07 million for two-bedroom units; prices for three- and four-bedroom units started at more than $9 million. The first residential tower in the Hudson Yards redevelopment area, 15 Hudson Yards, broke ground in late 2014; when complete in 2018, the 70-story building will include 385 condominium and rental residences adjacent to the High Line, a former elevated rail line converted to a park. A second mixed-use residential tower, 35 Hudson Yards, is planned and will include 144 condominium units, office space, and a 217-room hotel. The entire Hudson Yards development, which also includes two office buildings (10 and 30 Hudson Yards) currently under construction, is expected to be complete in 2024 and will include 16 towers. The 123-unit condominium, 325 Lex, at 325 Lexington Avenue in the Midtown East neighborhood, was completed in mid-2014; selling prices started at $733,100 for studios, $916,400 for one-bedroom units, $2.40 million for two-bedroom units, and $8.50 million for penthouse units.

In the Tribeca neighborhood of the Downtown market area, a former warehouse at 250 West Street was converted into 104 condominiums in late 2013; selling prices were $763,700 for studios, $1.37 million for one-bedroom units, $2.20 million for two-bedroom units, and $2.95 million for three-bedroom units. Other, smaller condominium conversions are occurring in Tribeca, near Broadway; units sold rapidly at the 53-unit Franklin Place, completed in early 2015, with selling prices ranging from $950,000 for a studio to $6.00 million for a four-bedroom condominium. The Leonard, a 66-unit conversion in Tribeca, was completed in 2014, with prices ranging from $1.45 million for a one-bedroom to $7.64 million for a four-bedroom unit. The former court building at 346 Broadway is being converted into approximately 200 condominium units. In Harlem, the 83-unit condominium, The Adeline, was completed in late 2014; selling prices started at more than $500,000 for a one-bedroom, $750,000 for a two-bedroom, $1.39 million for a three-bedroom, and $2.30 million for a four-bedroom unit.

During the 3-year forecast period, demand in the Manhattan submarket is expected for 2,850 new homes, most of which will be for condominium and cooperative units (Table 1). The 2,975 units currently under construction and a portion of the 40,550 other vacant units that might return to the market will satisfy all the forecast demand. Table 8 illustrates the estimated demand for new sales housing in the submarket, by price range.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Manhattan Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
250,000	499,999	340	12.0
500,000	749,999	430	15.0
750,000	999,999	460	16.0
1,000,000	1,999,999	740	26.0
2,000,000	3,999,999	680	24.0
4,000,000	and higher	200	7.0

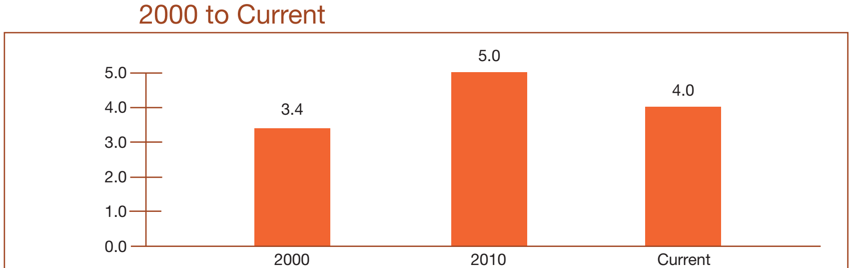
Notes: The 2,975 homes currently under construction and a portion of the estimated 40,550 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analysts

Rental Market—Manhattan Submarket

The rental housing market in the Manhattan submarket is currently balanced. The overall rental vacancy rate is estimated at 4.0 percent, down from 5.0 percent in 2010 (Figure 13). The apartment market in the submarket is slightly tight, with an estimated average vacancy rate of 2.2 percent during the second quarter of 2015, a decline from 2.9 percent a year earlier, based on data for the six Reis, Inc.-defined market areas that comprise the Manhattan submarket. By comparison, the apartment vacancy rate was 3.3 percent in 2010, when economic conditions were relatively weak. During the second quarter of 2015, vacancy rates in the six areas ranged from 1.0 percent in the Upper East Side market area to 3.1 percent in the Midtown West market area. The weighted average apartment rent for the six areas was $4,277 during the second quarter of 2015, up 4 percent from a year earlier. The average rent in the six market areas ranged from $2,438 in the Morningside Heights/Washington Heights market area to $4,767 in the Upper West Side market area.

Figure 13. Rental Vacancy Rates in the Manhattan Submarket, 2000 to Current

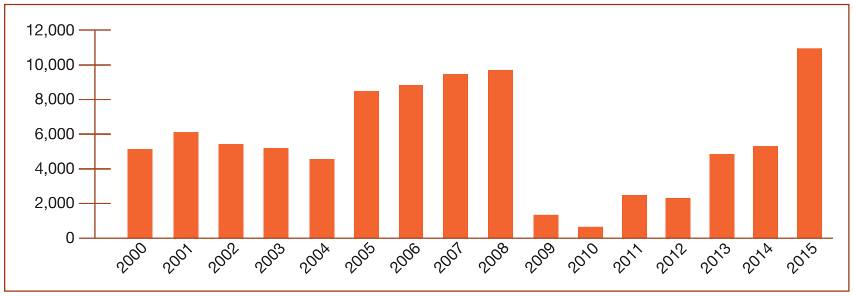


Note: The current date is July 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Multifamily building has followed trends in the local economy since the mid-2000s. Multifamily building activity rose from an average of 5,275 units permitted annually from 2000 through 2004 to an average of 9,125 units permitted annually from 2005 through 2008, when economic conditions were strong (Figure 14). During that period, the apartment market was slightly tight and absorption of apartments remained strong, despite slower population growth compared with earlier in the decade. In 2009, economic conditions weakened, and in response, builders reduced construction of multifamily

Figure 14. Multifamily Units Permitted in the Manhattan Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

units to an average of 1,025 units annually in 2009 and 2010. Despite the lower level of construction, market conditions eased from slightly tight to balanced, and the apartment vacancy rate averaged 3.6 percent because households were more likely to double up as a result of the recession. Since 2010, economic conditions have strengthened, and developers responded by increasing production of multifamily units to an average of 3,600 units permitted a year in 2012 and 2013. During the 12 months ending June 2015, approximately 13,500 multifamily units were permitted, more than double the number of units permitted in the previous 12 months (preliminary data). This increase in development occurred partially because developers anticipated that tax incentives for multifamily development could potentially expire in June 2015 (New York State Real Property Tax Law, Section 421-a).

During 2014, units in buildings with 5 or more units accounted for 96 percent of rental units in the Manhattan submarket, unchanged from 2010 (2010 and 2014 American Community Survey 1-year data). The most active market area for apartment construction in the submarket is Midtown West. Approximately 700 units at Avalon West Chelsea at 282 11th Avenue in the Midtown West market area were completed in late 2014; rents start at $3,210 for a studio, $4,335 for a one-bedroom unit, and $8,300 for a two-bedroom unit. One of the largest apartment buildings in the NYC HMA, as measured by the number of units in a single building, will be the 1,175-unit Sky, formerly known as Atelier 2, under construction at 605 West 42nd Street, in the Midtown West market area; it is expected to be complete in late 2015. Sky will include 235 below-market-rate and 939 market-rate units; the unit configuration will include studios and one- and two-bedroom units. A mixed-use development, 855 Avenue of the Americas, at 855 6th Avenue in the Midtown West market area, is under construction; the 299 market-rate and 76 below-market-rate rental units are expected to be complete in April 2016, and the office space will open in late 2015. Demolition began in early 2015 on the future site of a 1,028-unit development at 606 West 57th Street in the Midtown West market area; the development will include below-market-rate rents for 20 percent of the units and is expected to be complete by spring 2017.

Development of apartment units is occurring throughout the Manhattan submarket, in addition to the Midtown West market area. In the Financial District neighborhood, the 644-unit

70 Pine Street is expected to be complete in late 2015, with rents of approximately $3,700 for a one-bedroom unit; the building will also include a 132-unit extended-stay hotel. In the Upper West Side market area, two of five towers with nearly 2,200 units at Riverside Center are under construction above a public school and retail space. The tower known as 5 Riverside Center, at 21 West End Avenue, will have 616 rental units, and construction is expected to be complete in spring 2016, with rents for studios starting at $3,700 a month. A second tower will include 362 condominium units and 118 below-market-rate rental units in a separate building known as 10 Freedom Place.

Housing designed for students is also being developed in the Manhattan submarket. Apartments currently under construction include University House, in the East Village neighborhood, is expected to house 535 students when complete in fall 2016; units will be occupied by students from various schools, including 132 units available for the Joffrey Ballet School and 196 units for Cooper Union College. Pace University is building a 34-story residence to house 600 students at 33 Beekman Street in the Downtown market area; units are expected to be complete by fall 2015.

During the next 3 years, demand is expected for 9,775 rental units in the Manhattan submarket (Table 1). The 10,500 units currently under construction will satisfy all the rental housing demand during the forecast period. As a result of the potential loss of property tax abatement for developers, a record number of apartments are currently under construction. If all the units are completed, no additional rental units will need to be developed in the submarket during the forecast period. Table 9 shows estimated demand for rental housing in the submarket, by rent level and number of bedrooms.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Manhattan Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
2,500 to 2,999	490	2,800 to 3,299	200	3,000 to 3,999	880	4,500 to 4,999	680
3,000 to 3,499	680	3,300 to 3,799	780	4,000 to 4,999	440	5,000 to 5,499	150
3,500 to 3,499	390	3,800 to 4,299	1,175	5,000 to 5,999	440	5,500 or more	150
4,000 or more	390	4,300 to 4,799	980	6,000 to 6,999	440		
		4,800 to 5,299	390	7,000 to 7,999	440		
		5,300 or more	390	8,000 or more	290		
Total	1,950	Total	3,900	Total	2,925	Total	980

Notes: Numbers may not add to totals because of rounding. The 10,500 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analysts

Sales Market—Queens Submarket

The home sales market in the Queens submarket is balanced. The current estimated vacancy rate is 1.8 percent, down from 2.5 percent during 2010 (Table DP-5 at the end of the report). The average number of days a home (including condominiums, cooperatives, and one- to three-family homes) remained for sale on the market in the submarket decreased to 92 during

June 2015, declining by 18 days from a year earlier (Douglas Elliman and Miller Samuel, Inc.). The number of new and existing homes in the Queens submarket (including condominiums, cooperatives, and one- to three-family homes) accounted for 31 percent of sales in the NYC HMA during 12 months ending June 2015 (REBNY). Single-family attached and detached units accounted for 53 percent of owner-occupied units in the submarket in 2014, down slightly from 55 percent in 2010 (2010 and 2014 American Community Survey 1-year data). The submarket has the second highest proportion of single-family homes in the HMA, after the Staten Island submarket.

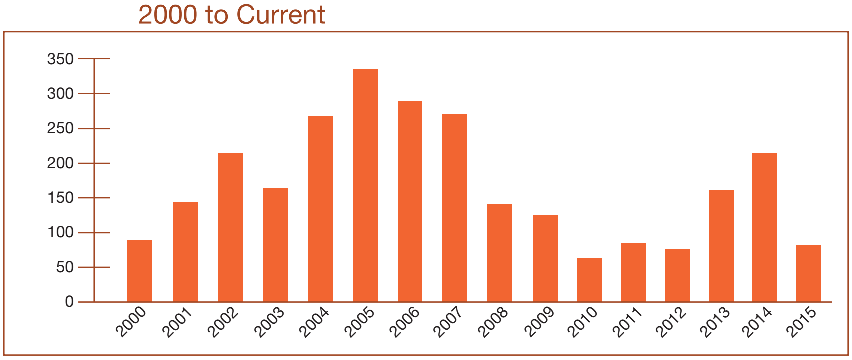
New and existing home sales (including condominiums, cooperatives, and one- to three-family homes) have followed economic trends, although new home sales remain below the average sold during the mid-2000s in the Queens submarket. Approximately 13,000 existing, nondistressed homes were sold during the 12 months ending June 2015, down 4 percent compared with the number sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analysts). By comparison, from 2003 through 2005, home sales increased 21 percent a year, to 24,650 homes, followed by a 13-percent annual decrease from 2006 through 2011, to 10,200 homes. The number of new home sales increased an average of 15 percent annually from 2004 through 2006 but declined from a high of 2,025 homes in 2006 to 430 homes in 2010, an average decrease of 29 percent annually. New home sales increased each year from 2011 through 2013 but remain relatively low; during the 12 months ending June 2015, 610 new homes sold, down 34 percent from a year earlier. Sales of new homes have remained low since 2010, partially because of rising prices and tighter lending standards.

The percentage of seriously delinquent home loans and REO properties in the Queens submarket is declining but is higher than the rate of 5.6 percent for the HMA. As of June 2015, 6.3 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 7.5 percent in June 2014 and a high of 10.4 percent in January 2012 (Black Knight Financial Services, Inc.). Distressed sales peaked at 16 percent of existing home sales during July 2010 and currently account for 9 percent of existing home sales, or 1,250 sales, compared with 1 percent of sales in 2006 (CoreLogic, Inc., with adjustments by the analysts).

Home prices are more affordable in the Queens submarket compared with the Manhattan and Brooklyn submarkets. The average price is more than 2.5 times higher in the Manhattan and 65 percent higher in the Brooklyn submarkets (CoreLogic, Inc., with adjustments by analysts). The average sales price for existing, nondistressed homes (including condominiums, cooperatives, and one- to three-family homes) was $479,300 during the 12 months ending June 2015, up 11 percent from a year earlier (CoreLogic, Inc., with adjustments by the analysts). The average price increased 11 percent annually from 2000 through 2007, to $459,000, before declining an average of 4 percent annually from 2007 through 2010, to $396,300. During that period, the average sales price of an REO property was $314,800, or 25 percent lower than the average non-REO existing sales price of $419,200. As the percentage of distressed homes slowly declined, prices of existing homes increased an average of 2 percent annually from the end of 2010 through 2013, to $421,100. Prices of new homes followed a trend similar to existing home prices but with larger changes. The average sales price increased 17 percent from 2002 through 2007, declined 8 percent during 2008 through 2010, and rose 7 percent annually from 2011 through 2013. The average sales price for new homes was unchanged during the 12 months ending June 2015, at $547,900. Despite no change in the price of new homes, the price of an existing home in the Queens submarket recently increased more than in any other submarket in the NYC HMA, partially because of increased demand for relatively more affordable homes as an alternative to higher-priced homes in the Manhattan and Brooklyn submarkets.

Single-family home construction, as measured by the number of single-family homes permitted, averaged approximately 290 homes annually in the Queens submarket from 2004 through 2007 before declining to 100 units annually from 2008 through 2012 (Figure 15). During the 12 months ending June 2015, 180 single-family homes were permitted, down 25 percent from a year earlier (preliminary data).

Figure 15. Single-Family Homes Permitted in the Queens Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Condominiums accounted for 8 percent of multifamily units permitted in buildings with 5 or more units in the Queens submarket since 2010, down from 27 percent from 2000 through 2009. Construction of condominiums and cooperative units reached a high in 2007 and 2008, when an average of 2,850 units were developed annually. By comparison, an average of 260 condominium and cooperative units were completed each year from 2004 through 2006 (New York State Office of the Attorney General, Real Estate Finance Bureau). Although construction has fallen below the peak, the average of 350 condominium and cooperative units developed annually from 2009 through 2014 is higher than during the early 2000s. The average price of new and existing condominiums and cooperatives was up 5 percent, to $300,300, during the 12 months ending June 2015, compared with a year earlier (REBNY). Sales of condominiums and cooperatives declined 8 percent, to 5,775 units, during the same period, after reaching a peak of more than 6,225 units during the 12 months ending June 2014.

The market for condominium and cooperative units in the Queens submarket is balanced. Despite the recent decline in sales, the condominium and cooperative market in the submarket strengthened during the past 3 years, with an average price increase of nearly 3 percent a year. In the village of Flushing, the 247-unit condominium development The Grand at Sky View Parc is under construction and expected to be complete in fall 2016; selling prices are $528,900 for studios, $625,900 for one-bedroom units, and $1.0 million for two-bedroom units. The planned conversion of the former RKO Keith's

Theatre in Flushing into 270 condominiums is expected to be complete in 2017. In Long Island City (LIC), the 48-unit condominium, The Vista, was completed in mid-2013; selling prices started at $395,800 for studios, $465,000 for one-bedroom units, and $660,800 for two-bedroom units. Condominium units under construction in LIC include 86 units on 43rd Avenue that are expected to be complete in early 2017. The Aston, a 97-unit condominium development in the Forest Hills neighborhood, was completed in the first quarter of 2015; selling prices range from $635,000 for one-bedroom units to $1.04 million for two-bedroom units. On Queens Boulevard in the Elmhurst neighborhood, a 69-unit condominium with retail space is under construction and expected to be complete in late 2015. In the Jackson Heights neighborhood, a 45-unit condominium development on 37th Avenue was completed in 2012, with a selling price of $496,900 for two-bedroom units.

During the 3-year forecast period, demand in the Queens submarket is expected for 4,200 new homes (Table 1). The 300 units currently under construction and a portion of the 22,550 other vacant units that might return to the market will satisfy some of the forecast demand. Table 10 illustrates the estimated demand for new sales housing in the submarket, by price range. Demand is expected for approximately 1,100 homes and condominium units in the first year and is expected to increase to 1,400 homes in the second and third years of the forecast period.

Table 10. Estimated Demand for New Market-Rate Sales Housing in the Queens Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	460	11.0
250,000	399,999	1,125	27.0
400,000	549,999	1,050	25.0
550,000	749,999	1,000	24.0
750,000	and higher	550	13.0

Notes: The 300 homes currently under construction and a portion of the estimated 22,550 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

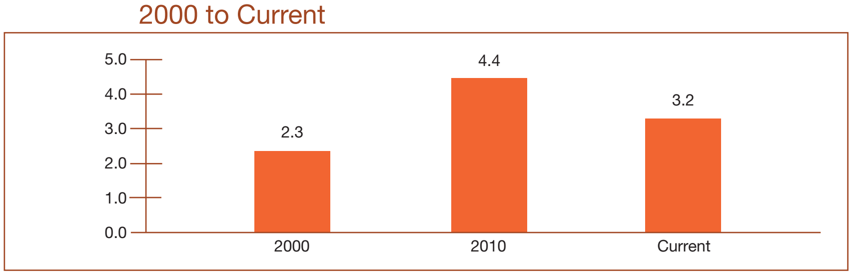
Source: Estimates by analysts

Rental Market—Queens Submarket

Rental housing market conditions in the Queens submarket are balanced. The overall rental vacancy rate is currently estimated at 3.2 percent, down from 4.4 percent in 2010 (Figure 16). The apartment market in the submarket is balanced, with an average vacancy rate of 3.0 percent during the second quarter of 2015, down from 3.6 percent a year earlier, despite increased building activity in 2013 and 2014 (Reis, Inc.). Average apartment rents in the submarket are 56 and 6 percent lower than in the Manhattan and Brooklyn submarkets, respectively. The average apartment rent was $1,896 in the submarket in the second quarter of 2015, up nearly 4 percent from a year earlier. The average rent increased 8 percent a year since the second quarter of 2011.

Builders have responded to changes in economic conditions, and multifamily construction in the Queens submarket has followed trends in the NYC HMA

Figure 16. Rental Vacancy Rates in the Queens Submarket, 2000 to Current



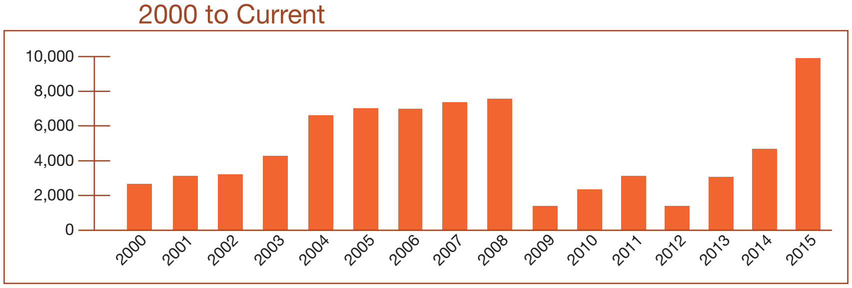
Note: The current date is July 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts economy. Multifamily building activity, as measured by the number of units permitted, rose to an average of 7,075 units annually from 2004 through 2008, when economic conditions were strong (Figure 17). During that period of economic expansion, absorption of apartments was strong, and the apartment vacancy rate averaged 2.8 percent, despite population declines through 2006. Since 2008, the trend of out-migration reversed to net in-migration because the Queens submarket has become increasingly popular among young professionals and young families for its relative affordability and new apartments with modern amenities. Developers responded to the weaker economy in 2009 by decreasing construction of multifamily units to an average of 2,025 units annually from 2009 through 2012. During that period, the apartment market tightened, and the vacancy rate averaged 2.0 percent. In response to tight conditions, builders increased production to 3,000 multifamily units in 2013, and as units were completed, the apartment market eased to a more balanced condition. During the 12 months ending June 2015, 12,150 rental units were permitted, three times higher than the number of units permitted in the previous 12 months (preliminary data). Permitting increased recently, partially because developers anticipated the potential expiring of tax incentives for multifamily development in June 2015 (New York State Real Property Tax Law, Section 421-a).

During 2014, units in buildings with 5 or more units accounted for 57 percent of rental units in the Queens submarket, up slightly from 54 percent in 2010 (2010 and 2014 American Community Survey 1-year data). Apartments accounted for 86 percent of multifamily units permitted in buildings with 5 or more units in the submarket since 2010, up from 72 percent from 2000 through 2009. As indicated by the increase in the number of units permitted in 2013 and 2014, the 11,500 units currently under construction in the submarket include several large, multiphase developments.

Significant development has occurred in downtown LIC as a result of rezoning in 2001 that allowed highrises; more than 6,600 apartments were added from 2002 through 2014 (McGraw-Hill Construction Pipeline database). A 41-story highrise with 820 units at 45-45 Center Boulevard in LIC was completed in mid-2013, with rents starting at $2,425 for a studio, $3,075 for a one-bedroom unit, and $4,250 for a two-bedroom unit. The 42-story Linc LIC apartment building, with 709 units, was completed in fall 2013, with rents starting at $2,215 for studio, $2,895 for one-bedroom, $4,050 for two-bedroom, and $4,150 for three-bedroom units. The first two highrise buildings at Hunter's Point South, on the LIC waterfront, with 738 moderate-income and 186 low-income units, were completed in May 2015. Proposed rents for the studios, one-, two-, and three-bedroom units range from $1,561 to $4,346 for moderate-income units and from $494 to $959 for low-income units.

Figure 17. Multifamily Units Permitted in the Queens Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

The proposed second and third phases of Hunter's Point will include 1,193 and 3,000 additional residential units, respectively, as well as a school, retail, and community space.

In downtown Flushing, in early 2014, construction began on the first phase of Flushing Commons, which will include 150 apartment units, as well as office and retail space, when complete in early 2017. The second phase of Flushing Commons, which will add 450 apartment units and a YMCA (Young Men's Christian Association) recreational facility, is planned and expected to be complete in 2021. Adjacent to Flushing Commons, the 140 income-restricted units at Macedonia Plaza were completed in December 2014. In the Rego Park neighborhood, the 314-unit development, The Alexander at Rego Center, above the Rego Center mall, began leasing in April 2015.

During the next 3 years, demand is expected for 12,200 rental units in the Queens submarket (Table 1). As a result of the potential loss of property tax abatements to developers, a record number of apartments are currently under construction. Those 11,500 units will satisfy nearly all the rental housing demand during the forecast period. Table 11 shows estimated demand for rental housing in the submarket, by rent level and number of bedrooms.

Table 11. Estimated Demand for New Market-Rate Rental Housing in the Queens Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,800 to 1,999	240	2,500 to 2,699	1,825	2,900 to 3,399	760	5,000 to 5,499	180
2,000 to 2,199	490	2,700 to 2,899	920	3,400 to 3,899	1,525	5,500 or more	430
2,200 to 2,399	1,700	2,900 to 3,099	550	3,900 to 4,399	610		
2,400 to 2,599	1,700	3,100 or more	370	4,400 or more	150		
2,600 to 2,799	490						
2,800 or more	240						
Total	4,875	Total	3,650	Total	3,050	Total	610

Notes: Numbers may not add to totals because of rounding. The 11,500 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2015, to July 1, 2018.
Source: Estimates by analysts

Sales Market—Staten Island Submarket

The sales housing market in the Staten Island submarket is slightly soft but has continued to improve since 2013; conditions were soft from 2009 through 2012, as the inventory of distressed sales decreased slowly after reaching a peak in 2009. The current estimated vacancy rate is 1.7 percent, up from 1.4 percent during 2010 (Table DP-6 at the end of the report). Single-family attached and detached homes accounted for 77 percent of owner-occupied units in the Staten Island submarket in 2014, down slightly from 78 percent in 2010, and the highest of all submarkets in the NYC HMA (2010 and 2014 American Community Survey 1-year data). Condominiums and cooperatives accounted for 6 percent of owner-occupied units in 2013, up slightly from 5 percent in 2010. The number of new and existing homes in the submarket (including condominiums, cooperatives, and one- to three-family homes) accounted for 9 percent of sales in the HMA during the 12 months ending June 2015 (REBNY).

Home sales (including condominiums, cooperatives, and one- to three-family homes) in the Staten Island submarket have increased during recent years but remain low compared with the mid-2000s, primarily because of slower population growth. Approximately 3,350 existing, nondistressed homes were sold during the 12 months ending June 2015, down 1 percent compared with the number sold during the previous 12 months (CoreLogic, Inc., with adjustments by the analysts). From 2004 through 2011, the rate of home sales declined an average of 13 percent annually, from 7,100 nondistressed existing home sales at the end of 2004 to 2,475 sales in 2011, before increasing an average of 16 percent a year in 2012 and 2013, to 3,325 homes. The trends in new home sales were similar to existing sales but with a slight increase recently. The number of new home sales declined 24 percent annually in the Staten Island submarket, from 1,050 homes at the end of 2004 to 230 homes in 2009. Although new home sales have increased since 2010, sales remain low. During the 12 months ending June 2015, 360 new homes sold, up 2 percent from a year earlier.

The percentage of seriously delinquent home loans and REO properties in the Staten Island submarket is declining. As of June 2015, 6.3 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, down from 6.9 percent in June 2014 and a high of 9.4 percent in March 2013 (Black Knight Financial Services, Inc.). The current rate for the submarket remains higher than the rates of 5.9 percent for the HMA and 4.1 percent for the nation but lower than the rate of 6.9 percent for New York State. During the 12 months ending June 2015, distressed sales totaled 270 homes and accounted for 7 percent of existing home sales, unchanged from a year earlier. Distressed sales peaked at 16 percent of existing home sales during 2009, compared with 1 percent of sales in 2006 (CoreLogic, Inc., with adjustments by the analysts).

The average sales price for existing, nondistressed homes (including condominiums, cooperatives, and one- to three-family homes) was $427,400 during the 12 months ending June 2015, up nearly 5 percent from a year earlier (CoreLogic, Inc., with adjustments by the analysts). The average price increased 12 percent annually from 2000 through 2006, to $443,100, before declining 3 percent annually from 2007 through 2009, to $401,100. During that period, the percentage of distressed sales was increasing, and the average sales price of an REO property was $293,700, or 30 percent lower than the average non-REO existing sales price of $421,300. The percentage of distressed sales declined slowly, and prices of existing homes remained relatively flat from 2010 through 2013. Prices of new homes followed a trend similar to existing home prices but with less decline, averaging a decrease of 1 percent in 2008 and 2009. The average sales price for new homes was unchanged during the 12 months ending June 2015, at $555,100. The average price of new and existing condominiums and cooperatives was up 9 percent, to $259,400, during the 12 months ending

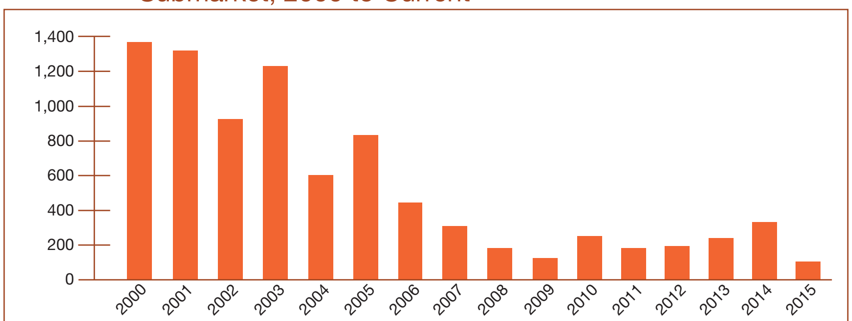
June 2015, compared with a year earlier (REBNY). Sales of condominiums and cooperatives increased 15 percent, to 540 units, during the same period.

Single-family home construction, as measured by the number of single-family homes permitted, averaged approximately 1,050 homes annually in the Staten Island submarket from 2000 through 2005 (Figure 18). Homebuilding declined an average of 37 percent each year from the end of 2005 through 2009, to 130 homes, and the level of production remains low. During the 12 months ending June 2015, 300 homes were permitted in the submarket, up 7 percent from a year earlier (preliminary data).

Most of the larger new home developments are in the northern part of the Staten Island submarket, whereas construction of one- and two-family custom homes is scattered throughout the submarket. The Pointe, a 57-unit luxury condo in the St. George neighborhood, was completed in early 2013, and prices ranged from $365,000 for one-bedroom units to $495,000 for two-bedroom units. The Accolade, a 101-unit condominium on the St. George waterfront, was completed in late 2013; sales prices ranged from $320,000 for a studio unit to more than $1.0 million for a three-bedroom penthouse. The 84-unit townhome community, Eastpointe at Bridgeview, is under construction in the Concord neighborhood on the Northeast Shore of the Staten Island submarket; prices for the three-bedroom townhomes begin at approximately $350,000. The Woods at Nino Court includes one- and two-family custom-built, four-bedroom homes in Tottenville, the southernmost neighborhood of the submarket; prices start at $969,000. Detached two-family four-bedroom, five-bathroom homes are also under construction on Sharon Avenue in the Silver Lake community in the northeastern part of the submarket, with prices starting at $700,000.

During the 3-year forecast period, demand in the Staten Island submarket is expected for 1,000 new homes (Table 1). The 210 homes currently under construction and a portion of the 5,050 other vacant units that might come back on the market will satisfy some of the forecast demand. Table 12 illustrates the estimated demand for new sales housing in the submarket, by price range. Demand is expected for approximately 390 homes in the second year and is expected to increase to 400 homes by the third year of the forecast period.

Figure 18. Single-Family Homes Permitted in the Staten Island Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Table 12. Estimated Demand for New Market-Rate Sales Housing in the Staten Island Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
250,000	399,999	140	14.0
400,000	499,999	400	40.0
500,000	749,999	280	28.0
750,000	and higher	180	18.0

Notes: The 210 homes currently under construction and a portion of the estimated 5,050 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.
Source: Estimates by analysts

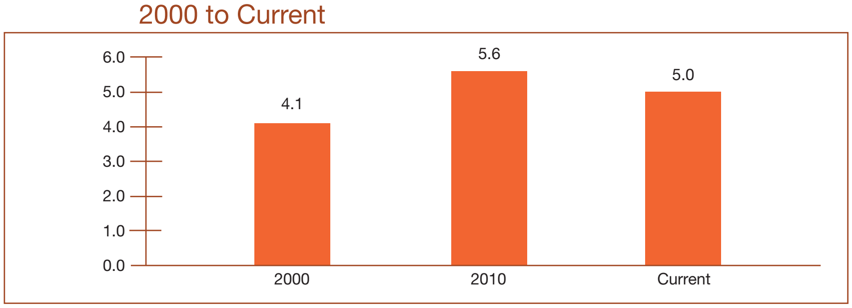
Rental Market—Staten Island Submarket

The rental housing market in the Staten Island submarket is balanced. The current estimated rental vacancy rate of 5.0 percent is up from the 4.1-percent rate as of the 2000 Census, but it is down from the 5.6-percent rate as of the 2010 Census (Figure 19). Vacancies increased between 2000 and 2010 because of slower absorption of units resulting from a weaker economy at the end of the decade. Since 2010, the rental vacancy rate decreased as the economy improved. During 2014, single-family homes accounted for 23 percent of rental units in the submarket, and two- to four-unit properties (duplexes, triplexes, and quadraplexes) were an additional 45 percent of rental units, the highest percentages of those types of units among the submarkets in the NYC HMA. These units accounted for 68 percent of the rental market in 2014, a slight increase from 67 percent in 2010 (2010 and 2014 American Community Survey 1-year data). Monthly rents averaged an estimated $950 for an efficiency unit, $1,250 for a one-bedroom unit, $1,875 for a two-bedroom unit, and $2,200 for a three-bedroom unit in June 2015 (apartmentlist.com, with estimates by analysts). The median rent in the submarket increased 21 percent, from $1,500 in 2014 to $1,817 in 2015, primarily because of the economic development occurring on the waterfront (streeteasy.com).

Building activity has increased in recent months but remains relatively low. During the 12 months ending June 2015, the number of multifamily units permitted increased 26 percent, to 410 units, compared with 330 units permitted a year earlier (preliminary data). Multifamily construction activity, as measured by the number of multifamily units permitted, averaged 1,025 units a year from 2000 through 2008, but as the economy declined in 2009, the production of multifamily units decreased to an average of 400 units annually from 2009 through 2012 (Figure 20).

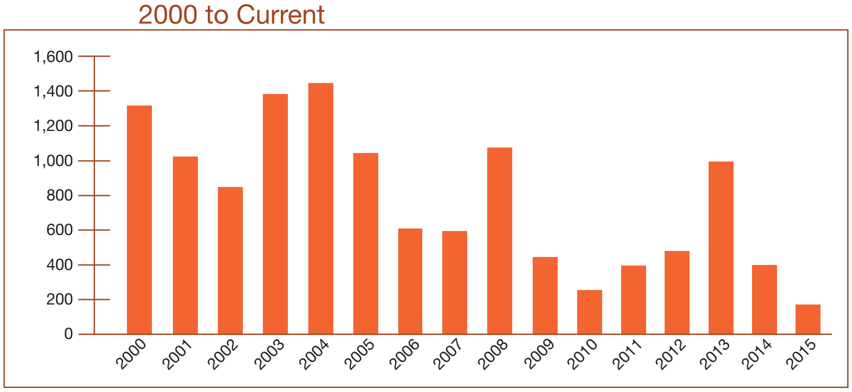
Nearly all the large-scale new construction of rental units in the Staten Island submarket has been of below-market-rate units. The first phase of a new residential and retail development, URL (Urban Ready Life) Staten Island, is under construction along the Stapleton waterfront on the decommissioned U.S. Naval Base known as The Homeport. The first phase, which includes 570 market-rate units with rents ranging from $1,850 for efficiency units to $2,600 for two-bedroom units, is

Figure 19. Rental Vacancy Rates in the Staten Island Submarket, 2000 to Current



Note: The current date is July 1, 2015.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 20. Multifamily Units Permitted in the Staten Island Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

expected to be complete by late 2015. A second phase of 330 units is also planned. In response to demand for on-campus housing at the College of Staten Island, the Dolphin Cove apartment building, which accommodates 442 students, was complete in the fall of 2013.

During the 3-year forecast period, demand is expected for 1,650 units in the Staten Island submarket (Table 1), or approximately 450 market-rate and 1,200 income-restricted units. The 570 units currently under construction will satisfy nearly all the rental housing demand during the first year of the forecast period, with no additional units needed until the second year. Demand is expected for approximately 430 units in the second year and is expected to increase to 650 units by the third year of the forecast period.

Rents for new market-rate apartments are projected to start at $1,850 for efficiency units, $2,000 for one-bedroom units, $2,600 for two-bedroom units, and $2,800 for three-bedroom units. Table 13 provides the estimated demand for new market-rate rental housing, by number of bedrooms and rent level, during the forecast period.

Table 13. Estimated Demand for New Market-Rate Rental Housing in the Staten Island Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,850 or more	45	2,000 or more	140	2,600 or more	180	2,800 or more	90
Total	45	Total	140	Total	180	Total	90

Notes: Numbers may not add to totals because of rounding. The 570 units currently under construction will likely satisfy some of the estimated demand. Demand is estimated for an additional 1,200 below-market-rate units. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analysts

Data Profiles

Table DP-1. New York City HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	3,455,307	3,573,553	3,883,000	0.3	1.9
Unemployment rate	5.8%	9.5%	6.6%		
Nonfarm payroll jobs	3,717,600	3,711,500	4,155,000	0.0	2.5
Total population	8,008,278	8,175,133	8,541,000	0.2	0.8
Total households	3,021,588	3,109,784	3,173,600	0.3	0.4
Owner households	912,296	962,892	999,600	0.5	0.7
Percent owner	30.2%	31.0%	31.5%		
Renter households	2,109,292	2,146,892	2,174,000	0.2	0.2
Percent renter	69.8%	69.0%	68.5%		
Total housing units	3,200,912	3,371,062	3,386,000	0.5	0.1
Owner vacancy rate	1.7%	2.9%	2.1%		
Rental vacancy rate	3.2%	4.5%	3.4%		
Median Family Income	$41,887	$56,054	$58,012	3.0	0.9

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015.Median family incomes are for 1999, 2009, and 2013. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-2. Bronx Submarket HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	3,455,307	3,573,553	3,883,000	0.3	1.9
Unemployment rate	5.8%	9.5%	6.6%		
Nonfarm payroll jobs	3,717,600	3,711,500	4,155,000	0.0	2.5
Total population	1,332,650	1,385,108	1,449,000	0.4	0.9
Total households	463,212	483,449	494,600	0.4	0.4
Owner households	90,687	93,101	93,800	0.3	0.1
Percent owner	19.6%	19.3%	19.0%		
Renter households	372,525	390,348	400,800	0.5	0.5
Percent renter	80.4%	80.7%	81.0%		
Total housing units	490,659	511,896	516,500	0.4	0.2
Owner vacancy rate	2.0%	2.3%	2.0%		
Rental vacancy rate	4.2%	4.3%	2.8%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-3. Brooklyn Submarket HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	3,455,307	3,573,553	3,883,000	0.3	1.9
Unemployment rate	5.8%	9.5%	6.6%		
Nonfarm payroll jobs	3,717,600	3,711,500	4,155,000	0.0	2.5
Total population	2,465,326	2,504,700	2,640,000	0.2	1.0
Total households	880,727	916,856	945,900	0.4	0.6
Owner households	238,367	254,241	265,600	0.6	0.8
Percent owner	27.1%	27.7%	28.1%		
Renter households	642,360	662,615	680,300	0.3	0.5
Percent renter	72.9%	72.3%	71.9%		
Total housing units	930,866	1,000,293	1,011,000	0.7	0.2
Owner vacancy rate	1.6%	3.2%	1.8%		
Rental vacancy rate	3.1%	4.3%	3.3%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-4. Manhattan Submarket HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	3,455,307	3,573,553	3,883,000	0.3	1.9
Unemployment rate	5.8%	9.5%	6.6%		
Nonfarm payroll jobs	3,717,600	3,711,500	4,155,000	0.0	2.5
Total population	1,537,195	1,585,873	1,640,000	0.3	0.6
Total households	738,644	763,846	780,200	0.3	0.4
Owner households	148,732	173,961	193,400	1.6	2.0
Percent owner	20.1%	22.8%	24.8%		
Renter households	589,912	589,885	586,800	0.0	– 0.1
Percent renter	79.9%	77.2%	75.2%		
Total housing units	798,144	847,090	852,200	0.6	0.1
Owner vacancy rate	2.7%	4.4%	3.5%		
Rental vacancy rate	3.4%	5.0%	4.0%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-5. Queens Submarket HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	3,455,307	3,573,553	3,883,000	0.3	1.9
Unemployment rate	5.8%	9.5%	6.6%		
Nonfarm payroll jobs	3,717,600	3,711,500	4,155,000	0.0	2.5
Total population	2,229,379	2,230,722	2,338,000	0.0	0.9
Total households	782,664	780,117	794,200	0.0	0.3
Owner households	334,815	335,454	342,700	0.0	0.4
Percent owner	42.8%	43.0%	43.2%		
Renter households	447,849	444,663	451,500	– 0.1	0.3
Percent renter	57.2%	57.0%	56.8%		
Total housing units	817,250	835,127	838,000	0.2	0.1
Owner vacancy rate	1.3%	2.5%	1.8%		
Rental vacancy rate	2.3%	4.4%	3.2%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Table DP-6. Staten Island Submarket HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	3,455,307	3,573,553	3,883,000	0.3	1.9
Unemployment rate	5.8%	9.5%	6.6%		
Nonfarm payroll jobs	3,717,600	3,711,500	4,155,000	0.0	2.5
Total population	443,728	468,730	473,700	0.5	0.2
Total households	156,341	165,516	167,750	0.6	0.3
Owner households	99,695	106,135	107,400	0.6	0.2
Percent owner	63.8%	64.1%	64.0%		
Renter households	56,646	59,381	60,350	0.5	0.3
Percent renter	36.2%	35.9%	36.0%		
Total housing units	163,993	176,656	177,800	0.7	0.1
Owner vacancy rate	1.4%	1.4%	1.7%		
Rental vacancy rate	4.1%	5.6%	5.0%		

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2015—Analysts' estimates
Forecast period: 7/1/2015–7/1/2018—Analysts' estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analysts, through diligent fieldwork, make an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

One-, Two-, Three-, and Four-Family Homes: In New York City, attached, semidetached, and detached residential structures may contain one, two, three, or four dwelling units, which typically are known as single-family, duplex, triplex, or quadraplex homes, respectively.

Rent Control: New York State law limits the rent an owner may charge for an apartment and restricts the right of any owner to evict tenants in some housing units in New York City (New York State Division of Housing and Community Renewal, Office of Rent Administration).

Rent Stabilization: New York State law restricts the amount of annual rent increases, limits the amount of rent, and provides other protections to tenants in some housing units in New York City (New York State Division of Housing and Community Renewal, Office of Rent Administration).

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_NewYorkCityNY_16.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.